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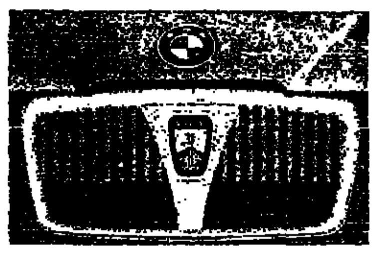

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TOMORROW'S
Weekend FT
Roman cinema: the closing scene?

World Business Newspaper http://www.FT.com FRIDAY OCTOBER 11 1996

IN TOMORROW'S WEEKEND FT

A big hand for the Grand Tourist
The 56-page winter issue of How To Spend It magazine

ABB chief steps down to prevent future struggle

One of Europe's most prominent corporate leaders, Percy Barnevik, is to step down as chief executive of Asea Brown Boveri, the Swiss-Swedish company he forged into one of the world's leading heavy engineering groups. Mr Barnevik said he wanted to avoid the awkward succession problems that plague many big companies when ageing bosses cling to power. Page 14; *Observer*, Page 13; *Colleagues under spotlight*, Page 16

WTO urges US to take greater role: World Trade Organisation director-general Renato Ruggiero has called on the US to take a more active role in shaping global trade policy. Page 5

Mannesmann, the German industrial conglomerate, raised DM530m ($358m) through the sale of its 8.9 per cent stake in UK engineering company TI Group and said it would invest the cash in its fast-growing telecoms activities. Page 15

Microsoft announced a new Internet-based version of its Microsoft Network on-line information and entertainment services, making it easier for users to find information. Page 15

Brussels plans attack on smoking: European Union social policy commissioner Padraig Flynn is to launch an assault against smoking, including a drive for higher taxes on cigarettes, cuts in nicotine levels and bolder health warnings. Page 2

UK moves to stop forex scheme: Britain's Securities and Investments Board began legal proceedings to stop Copenhagen-based company Scandex Capital Management offering foreign exchange investments in the UK. Page 14

IG Metall, the German engineering union, threatened to resume industrial action after October 23 unless engineering employers abandon plans to cut sick pay entitlements. Page 2

Pakistan renews IMF mission: Pakistan is to send a top-level mission to Washington in a further attempt to repair relations with the International Monetary Fund after the cabinet agreed new measures to raise net fiscal revenues by PRs40bn ($1.1bn). Page 4

UK power companies start legal fund: Eight of Britain's leading electricity companies are planning to create an £8m ($12.5m) fund to fight legal claims that high-tension power lines are hazardous to health. Page 10

Foreign troops 'must stay' in Bosnia: International Bosnia peace co-ordinator Carl Bildt said foreign troops would have to remain over the next two years for the country to stand any chance of recovering from the recent war. Page 3

Stet, the Italian group which holds a majority stake in Telecom Italia, is joining forces with French construction group and mobile phone operator Bouygues to challenge for a significant share of the French market. Page 16

China to tighten ideological grip: China's Communist party central committee called for tighter ideological controls as a centrepiece of the party's strategy. Page 4

Tapie to lose European seat: French ex-businessman and soccer boss Bernard Tapie, ejected from the French National Assembly after a court ruled he is bankrupt, will also lose his seat in the European parliament.

Swedish jets collide: Two Swedish air force jets collided during an exercise in central Sweden but the pilots parachuted to safety.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

STOCK MARKET INDICES

New York: lunchtime		
Dow Jones Ind Av	5,923.91	(-6.71)
NASDAQ Composite	1241.8	(+3.82)
Europe and Far East		
CAC40	2,135.63	(-11.08)
DAX	2,680.75	(-22.24)
FTSE 100	3,994.7	(-14.6)
Nikkei	closed	

US LUNCHTIME RATES

Federal Funds	5 5/16%
3-mth Treas Bills: Yld	5.124%
Long Bond	98 1/32
Yield	6.875%

OTHER RATES

UK: 3-mo Interbank	5 15/16%	(5 7/8%)
UK: 10 yr Gilt	100 3/32	(100 1/32)
France: 10 yr OAT	104.17	(104.4)
Germany: 10 yr Bund	101.84	(101.95)
Japan: 10 yr JGB	closed	(101.8688)

NORTH SEA OIL (Argus)

Brent Dated	$23.64	(24.61)

GOLD

New York: Comex		
(Dec)	$384.5	(383.5)
London:		
close	$382.15	(381.5)

DOLLAR

New York: lunchtime		
£	1.56545	
DM	1.529	
FFr	5.1705	
SFr	1.25165	
Y	111.225	
London:		
£	1.5663	(1.5645)
DM	1.5298	(1.5285)
FFr	5.1715	(5.1668)
SFr	1.252	(1.2525)
Y	111.275	(111.485)
Tokyo close:	Y Closed	

STERLING

DM	2.396	(2.3913)

Albania	LEK 275	Gibraltar	£0.75	Lithuania	Lts 18.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR13
Bahrain	Din1.300	Hong Kong	HK$20	Malta	Lm0.70	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft270	Morocco	MDh18	Slovak Rp	Sk75
Cyprus	C£1.30	Iceland	IKr260	Neth	Fl 4.75	S. Africa	R12.00
Czech Rp	Kč70	India	Rs75	Nigeria	Naira125	Spain	Pts250
Denmark	DKr20	Israel	Shk9.00	Norway	NKr22.00	Sweden	SKr20
Egypt	E£5.00	Italy	L3200	Oman	OR1.75	Switz	SFr3.70
Estonia	Ekr 28	Japan	Y500	Pakistan	Rs50	Syria	S£80.00
Finland	FM18.00	Jordan	JD1.75	Poland	Zl 6.00	Tunisia	Din2.000
France	FFr12.00	Kuwait	Fils.750	Portugal (m'land)	Es265	Turkey	L120,000
Germany	DM4.00	Lebanon	LL3500			UAE	Dh13.00

BASF agrees big plastics deals

Joint ventures with Shell and Hoechst reflect changes in the industry

By Jenny Luesby in London

BASF, the German chemicals company, is setting up joint ventures with Shell and Hoechst in the biggest consolidation yet within Europe's $14bn-a-year plastics industry.

With the industry's profits hit by volatile prices – blamed on overcapacity and fragmentation – the major players have been looking for ways to create a few, very large manufacturers.

BASF is merging its polypropylene business with Hoechst's, and putting its polyethylene business into a 50:50 joint venture with Shell, the Anglo-Dutch group.

Each of the new ventures will be made up of businesses which between them had sales last year of DM1.7bn ($1.14bn).

The ventures will have between 10 and 20 per cent of their fields' European market.

Demand for polypropylene, a tough plastic used in car bumpers and garden furniture, has been more resilient than that for some other plastics, prompting a rash of new investments in recent months.

Even so, the venture between BASF and Hoechst – also a German company – will be up against Europe's largest producer Montell, itself a joint venture between Shell and Montedison of Italy.

Both are capable of producing around 1.4m tonnes of polypropylene a year, compared with total annual European production of around 6m tonnes.

Mr Knut Zeptner, head of Hoechst's plastics operation, does not foresee any difficulties getting approval for the new venture from the competition authorities.

When Montell was set up last year, its owners were required to dispose of some businesses. However, the BASF-Hoechst alliance would be no larger than the Montell operation, Mr Zeptner said.

BASF's joint venture with Shell will take over BASF's polyethylene business and buy Montell's European polyethylene operations, capable of producing 540,000 tonnes of the plastic a year.

Montell said the sale would involve a "significant cash transaction".

With the Montell polyethylene business, the BASF-Shell operation will be among Europe's three largest producers, capable of making 1.4m tonnes a year of the world's most common plastic.

Its two major rivals are Borealis, a joint venture between Neste of Finland and Statoil of Norway, and Polymeri Europa, a joint venture between Enichem of Italy and Union Carbide of the US.

Both have polyethylene capacity of around 1.4m tonnes and a market share of around 12 per cent.

Globally, plastics producers are able to make 60m tonnes of polyethylene a year, with 12m tonnes of this capacity based in western Europe.

Both polyethylene and polypropylene are bulk plastics, subject to commodity pricing. However, their prices have been extraordinarily volatile in the last two years, rising by up to 100 per cent, only to fall by half again.

With prices renegotiated every few weeks, many in the industry have looked towards the emergence of industry leaders to introduce some price stability.

The new alliances will provide not just market clout but will create a better geographical spread of production sites, Mr Knut said.

On the polypropylene side, BASF has plants at Wilton in the UK, Rozenburg in the Netherlands and Tarragona in Spain, with Hoechst plants at Knapsack in Germany, Lillebonne in France and Tarragona. The polyethylene plants include those in Berre, Fos and Notre Dame de Gravenchon, all in France, and Carrington in the UK.

European industrial confidence back after 19 months

By Gillian Tett, Economics Correspondent

European leaders were handed some good news yesterday when a business survey reported the first upturn in industrial confidence for 19 months.

A European Commission survey of more than 25,000 companies reported healthier manufacturing output in August and September – the first increase since the start of 1994.

The improvement will be welcomed by the leaders of European Union countries, which badly need stronger economic growth to help them meet the criteria for joining a single currency.

Most governments expected growth to be relatively healthy this year, but they have been disappointed by the slow pace of recovery so far.

The Commission said yesterday: "We think we are on an economic turning point now and these figures seem to confirm this."

Nevertheless, the upturn remains limited. A French consumer confidence survey painted a picture of public gloom, while the Commission's survey showed continued deep concern about unemployment levels.

Mr Ian Harwood, an economist at Kleinwort Benson in London, said "this is not quite

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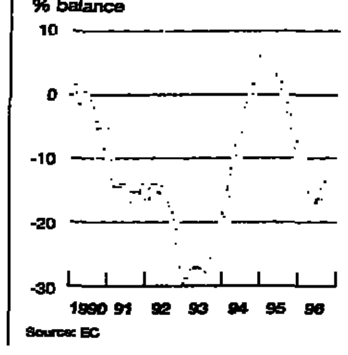

Source: EC

Commissioner blames 'misunderstanding' over plans to save stocks

Brussels retreats on cuts to fishing fleets

Emma Bonino, European Commissioner for fisheries, said yesterday "We have too many fishermen and too few fish. But there is no consensus on the remedy" Picture: Reuter

By Caroline Southey in Brussels

The European Commission yesterday watered down demands for 40 per cent cuts in the size of European Union fishing fleets, insisting instead that the aim was to reduce overall fishing activity.

Ms Emma Bonino, European Commissioner for fisheries, said there had been a "misunderstanding" about proposals unveiled in May designed to protect depleting stocks in EU waters. The Commission was not seeking cuts of 40 per cent in fleet sizes but in catches, she added.

"Accusations that the Commission is wishing to break up 40 per cent of our fleets, sacrificing jobs and the means of production that could be used when stocks have recovered, are false," she said.

But Mr Douglas Hogg, UK farm and fisheries minister, said Britain would not implement any EU moves to reduce fish catches unless the problem of quota-hopping by foreign trawlers is resolved.

Mr Hogg, speaking after meeting South West fishing industry leaders in Plymouth, said Ms Bonino's proposals for the 40 per cent reduction in capacity would be "very unacceptable" to the government.

Ms Bonino's comments come ahead of Monday's meeting of EU fisheries ministers in Luxembourg at which the proposals are expected to come under fierce attack.

EU officials predicted her intervention would not blunt ministers' anger. "There will be 100 per cent hostility to the 40 per cent figure no matter what it refers to," said an EU diplomat.

The Commission press release issued in May referred to "cuts in capacity" of 40 per cent for the most endangered stocks such as cod, haddock, sardines, salmon and hake.

Ms Bonino stressed that "reductions in fleet capacity are absolutely necessary" to achieve the cuts in catches. But she added: "We always made clear this could be accompanied by other actions, such as cutting days at sea."

The commissioner insisted there was agreement among member states that "we have too many fishermen and too few fish. But there is no consensus on the remedy".

She rejected the argument put by some EU countries that market forces would correct the structural imbalance, saying she believed market forces alone would impose a "law of the jungle" leading to an unequal decimation of fleets and decimation of stocks.

Ms Bonino said she recognised that fisheries ministries were "subjected to strong political pressure" because the cuts would lead to job losses. This was particularly difficult for coastal communities with few alternative sources of employment.

But she pointed out that a financial package of Ecu2.8bn between 1994 and 1999 had been proposed to soften the economic impact of restructuring, and that small coastal fishing boats had been excluded from the proposals.

She said evidence of illegal fishing off the northern Scottish coast shown on BBC television this week proved that over-capacity in the industry was forcing fisherman to "become poachers".

Ford overhauls parts division and reshuffles top executives

By Richard Waters in New York

Mr Alex Trotman, chairman of Ford Motor, yesterday tried to breath new life into the US group's ambitious global restructuring with another overhaul of its parts-making and product development operations.

At the same time, the company reshuffled its top management to give Mr Jacques Nasser, a highly regarded executive, the leading role in its core automotive business, marking him out as a possible chief executive of the future.

Mr Trotman started a sweeping reorganisation of Ford two years ago to try to reduce costs and align its worldwide operations around a single global organisation. Since then, though, the company has disappointed the stock market with rising costs and indications that the ambitious plan, known as Ford 2000, has been slow to achieve its objectives.

Unveiling the latest overhaul, Mr Trotman defended the Ford 2000 plan, although he conceded that it had caused some confusion inside the company and had yet to have much of an effect on results.

Savings brought about by combining all of Ford's purchasing and finding economies of scale in its assembly operations would show through "a lot more ... over the next few years", he added.

In the latest move, Ford's parts-making businesses, which employ 75,000 people in 20 countries, will be split from the automotive operations and run as a separate unit. The aim, said Mr Trotman, was to "focus, streamline ... make it more competitive".

He added that Mr Ed Hagenlocker, who is being moved from head of automotive operations to run the new unit, would have a free hand in deciding how to "maximise this huge asset".

Like General Motors, Ford's disparate components operations in many cases lack the economies of scale and low labour costs of independent suppliers. Yesterday's move was meant to focus senior management attention on the business, which would be run more independently, allowing it to develop more outside customers, said Mr Trotman.

Ford also announced another overhaul of its product development group, which had already been slimmed down by its move to halve the number of different vehicle "platforms", or chassis types, it maintains.

Yesterday, the company grouped its remaining development operations into three units which it said would reduce its costs further and enable it to develop new vehicles more quickly.

Mr Hagenlocker's move has made room for the elevation of Mr Nasser, who has been talked of in recent weeks as a possible successor to Mr Trotman as Ford's chief executive. Mr Nasser, 48, was previously head of product development.

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Brussels plans new assault on smoking

By Caroline Southey in Brussels

Mr Padraig Flynn, the European Union's social policy commissioner, is to launch an assault against smoking, including a drive for higher taxes on cigarettes, cuts in nicotine levels and bolder health warnings.

The initiative will mark an escalation in Brussels' campaign to reduce tobacco consumption and reflects growing confidence in the anti-smoking lobby following successes in the US. Mr Flynn will call for a full review of all EU legislation, with a view to tightening controls on cigarettes and bringing in new measures.

The success of the campaign, however, depends crucially on whether Mr Franz Fischler, the farm commissioner, tackles the issue of aid worth Ecu1bn ($1.25bn) paid annually to the Union's tobacco farmers. EU farm officials said Mr Fischler would "address the paradox" of promoting production while fighting consumption by proposing changes to the aid regime.

Mr Flynn will face tough resistance from commissioners from the main producing countries such as Italy and Greece, as well as from countries with large tobacco interests such as Britain, Germany and the Netherlands. "It remains to be seen whether the Commission has the courage to follow through," said one official.

The drive will also provoke reaction from the EU tobacco industry. "If the measures all materialised it would amount to the industry's worst nightmares all brought together," an industry official said.

Previous attempts by the Commission to pursue anti-smoking policies have provoked fierce counter-attacks from the industry. It has argued that 1.8m jobs in the sector and related industries could be threatened and that the EU has no right to legislate on a question of personal choice.

But EU officials said Mr Flynn felt the time was right. "President [Bill] Clinton's anti-smoking campaign has proved a political winner. His success has highlighted how ludicrous the EU stance is. We cannot go on ignoring scientific advice that smoking causes 500,000 deaths a year," an EU official said.

The proposals will include reducing the current EU-imposed limits on nicotine and tar levels in cigarettes, tests on the toxicity of ingredients, bolder health warnings and higher taxes to force up the price of cigarettes. Mr Flynn will also suggest that EU employers and trade unions be asked to negotiate terms for banning smoking in the workplace.

The ideas mirror radical measures to reduce tobacco consumption set out last week by cancer experts from member states. The 15 experts, appointed by the Commission as part of its "Europe against Cancer" programme, also called for a ban on cigarette vending machines and restrictions on packaging to allow only white "generic" packets.

Brussels has so far had limited success in pursuing EU-wide anti-smoking policies. Proposals to ban tobacco advertising across the Union have been blocked in the council of ministers for seven years.

EU film loan fund in jeopardy

By Emma Tucker in Brussels

The creation of a loan guarantee fund to boost European film and television productions is in jeopardy because of a lack of interest from European banks.

Proposals for the fund, put forward by the European Commission as part of a drive to defend European culture against American mass products, have been further undermined by opposition from the German government.

A Commission official said discussions among experts from the member states last week had been "pessimistic".

They were considering a study carried out by the European Investment Fund which showed that banks were unenthusiastic about investing in the proposed Ecu200m ($250m) fund because of the risky nature of film finance.

The audiovisual fund, as now constructed, does not provide the level of return expected by purely financial investors who are looking to earn a return in excess of 20 per cent, bearing in mind the riskiness of film finance," says a Commission memo.

"The fund is thus unlikely to attract purely financial investors such as banks and comparable institutions," it concludes.

The Commission floated the idea of a loan guarantee fund last year. The total equity of the fund would be Ecu200m, of which Ecu90m would be provided by the Union budget, and the rest would come from outside investors.

The proposals were put forward as an alternative and more effective way of helping the European audiovisual sector than the imposition of content quotas on broadcasters.

Plans to force broadcasters to screen a minimum 50 per cent of European-made productions were rejected by a majority of EU member states last year.

Mr Jacques Santer, the European Commission president, yesterday appeared to urge France not to abandon too quickly its earlier ambition of giving a military dimension to the European Union by "Europeanising" Nato, writes David Buchan in Paris.

Mr Santer acknowledged frustration with efforts to forge a European defence identity through the Western European Union, the defence organisation linked to the EU by the Maastricht treaty. He conceded the fact that only some EU states belonged to the WEU, with differing degrees of association, introduced "an element of complexity". But he also appealed to his French audience to be patient and not to condemn prematurely the project to create a "capacity for European military decision making".

The pessimistic outlook for the guarantee fund is likely to disappoint member states such as France, most worried about the growing presence of US-made films and shows on European screens.

France has argued that the Union should take a more active approach to protectand promote its own film makers. But Germany is opposed to the guarantee fund mainly because it believes it will only benefit big media companies such as Bertelsmann and PolyGram, rather than smaller, more worthy recipients.

PolyGram of the Netherlands and other entertainment groups have lobbied forcefully for the fund.

Because the fund would involve EU budget money, Germany could use its veto to block its creation. In spite of this and the lukewarm reception from banks, the Commission is now considering the possibility of asking media companies to invest in it.

The Soviet-era anvil of Bulgaria's crisis

Anthony Robinson traces a country's ills from an overmanned steelworks to bad bank loans

The ills of Bulgaria's near bankrupt economy are all on display at the Kremikovtsi steel works whose tall chimneys, rusting blast furnaces and coke ovens pour dark reddish smoke over the country-side 40km north-west of the capital Sofia.

Completed in 1962 as the showpiece of the Soviet-style industrialisation of this once mainly agricultural country, the steel plant sucked thousands of peasants into the discipline of industrial life and turned out 2m tonnes a year of steel and nearly 4m tonnes of rolled products.

In those days the plant got most of its iron and coal by rail from mines in Russia and Ukraine and shipped most of the finished product back to a limitless Soviet market which, until 1989, absorbed well over 80 per cent of Bulgaria's total exports.

Today the ageing plant still employs a small army of 16,000 people, including the middle-aged ladies pulling the last of the faded autumn flowers from the flowerbeds and the teams of workers brushing leaves with birch brooms or painting yellow stripes on the verges.

But nowadays the iron ore comes from Venezuela, Brazil and South Africa and the coking coal from Virginia. After its journey across the oceans the ore and coal is unloaded at Burgas harbour on the Black Sea and then shipped by rail the last 450km to Kremikovtsi.

The 3m tonnes a year transported in this way helps to keep Burgas busy and provides the loss-making state railways with 30 per cent of its total revenue.

But everything has to be paid for in dollars – the ores, the coal, the shipping and even the state railway haulage bill – at a cost far exceeding the dollar revenue the plant receives from selling 70 per cent of its output on world markets via its own sales organisation or through steel traders.

For the last 10 years the plant, which is also by far the largest consumer of imported Russian gas in Bulgaria, has benefited from a cheap gas supply contract. This was negotiated in 1986 by Mr Andrei Lukanov, the recently murdered former prime minister, with Mr Victor Chernomyrdin, the current Russian prime minister who at the time was chairman of Gazprom, the Soviet gas company.

The gas came "cheap" because it was largely prepaid through Bulgaria's financial and material contribution to construction of the Yamburg gas pipeline, which links the gas fields of north-west Siberia to Europe.

> Kremikovtsi is a symbol of the failure of successive governments to introduce real market reforms

But in January the deal comes to an end. From then on Bulgarians in general, and Kremikovtsi in particular, will have to pay world prices for the fuel, adding to the costs of a plant whose accumulated losses have already contributed to the downfall of its main bankers, Economic Bank.

The state-owned bank is one of nine whose accumulated non-performing loans and lack of liquidity obliged the National Bank of Bulgaria to place them under special administration last week as the prelude to formal bankruptcy or possible rehabilitation. But Kremikovtsi already had been placed on a special list of 71 loss-making companies "isolated" from the banking system and forced to operate on a cash basis.

The list of big loss-makers to be deprived of new credits and protected from creditors was drawn up at the behest of the World Bank and the International Monetary Fund as one of the preconditions for granting further loans and credits to support restructuring and prop up the ailing economy.

"Being cut off from credit is a disaster for us as our payments and receipts rarely coincide," says Mr Ivailo Shkoutov, the sales director. "All that we are allowed is a special account at Bulbank which only makes payments when we have cash in our account."

But tougher financial discipline is only the first step for Kremikovtsi. It has been turned into a 100 per cent state-owned joint stock company and 25 per cent of its shares will soon be offered to Bulgarians who take part in the Czech-style mass privatisation through voucher programme now under way. The rest of the shares are about to be offered to foreign investors by the Privatisation Agency.

Snaring a strategic investor prepared to take on managerial responsibility and inject desperately needed new capital for modernisation will not be easy – and will only be feasible if radical changes are made to the plant and the way it is run.

Thousands will lose their jobs in the process because steel making under current conditions at the landlocked plant can never be made profitable and nearly 7,000 are employed in this part of the plant's operations.

The problem for Bulgaria is that it is starting on such changes five to six years later than the "fast-track" reform countries such as Hungary and Poland. That delay translates into years of accumulated losses for the state budget and the banks through the preservation of a living museum of Soviet-style heavy industry which is also a symbol of the failure of successive governments to introduce real market reforms.

Pouf!! Astérix returns in triumph

By Andrew Jack in Paris

The French passion for intellectual literature was put in its proper place yesterday when 2.8m copies went on sale of the first Astérix comic book to be published in five years.

Queues formed in bookshops around Paris, with the number of copies printed of the latest edition far outstripping other recent publishing successes such as the memoirs of the actress Brigitte Bardot, which has sold more than 400,000 copies in the last few weeks.

"La galère d'Obélix", a play on words meaning both a galley and a mess, is the 30th book in the world's most successful comic series, with sales of more than 280m copies since the Gallic characters were created in 1959.

The latest Astérix story comes at a time of renewed interest in a number of classic comic strips in France, Belgium and Switzerland.

Last month the publisher Dargaud issued a new "Blake and Mortimer" album, inspired by the Belgian artist Edgar-Pierre Jacobs's stories based on two British characters, which has already sold 700,000 copies. Other revived titles include "Lucky Luke" and the more recent "Schtroumpfs" or Smurfs.

Mr Claude de Saint-Vincent, head of Dargaud, said: "Comic books are a literary genre like any other. They contain universal, eternal characters, and appeal both to people rediscovering their youth as well as a new generation." He said that in spite of the vast sales, comic books were not very profitable, because they were costly to produce but readers were not willing to pay high prices since they could be read very quickly.

Tintin, the teenage reporter who has had no new adventures since his creator the Belgian Georges Rémy died, remains the second most popular comic book character in the world, with more than 140m sales.

But Astérix has a sacred place in French hearts, and has inspired endless merchandising, several films and even a theme park north of Paris which attracted 1.8m visitors last year. The US fast-food chain McDonald's even pushed its own hero Mickey Mouse to one side in the country to launch a promotion linked to the Astérix characters.

However, yesterday's publication was not without controversy. Although apparently produced by the artist Albert Uderzo and the author René Goscinny, the latter died in 1977. Mr Uderzo subsequently took control of publishing the new titles, and fought legal battles with both Goscinny's daughter and with Dargaud, his former publisher.

Mr Uderzo claimed as recently as 1994 he would produce no new books, but has since changed his mind, although some fans say the stories written without his late collaborator lacked their previous spark.

EUROPEAN NEWS DIGEST

Simitis plans modern Greece

Mr Costas Simitis, Greece's Socialist prime minister, said yesterday his new government's priority was to build a "strong and modern Greece", which could participate in the single European currency by 2002, play a constructive role in the Balkans and eastern Mediterranean and seek good relations with Turkey.

In a policy statement to parliament, he warned that fiscal policy would be tightened to reduce the public sector deficit, through abolition of tax breaks, a crackdown on tax evasion and tougher controls on spending by state corporations and welfare funds. "There is no magic wand to solve these problems without any cost," Mr Simitis said. "There will be a cost and people with means must contribute."

Mr Simitis pledged his government to creating 180,000 jobs by the end of the decade, mainly through more effective use of EU structural grants for modernising infrastructure. *Kerin Hope, Athens*

Stronger half for France

The French economy will grow more strongly in the second half of this year, touching an annual rate of expansion of "a bit more than 2 per cent" by the end of 1996, according to Insee, the official statistics agency.

But in its forecast published today, Insee sees the possibility that the increase in the number of jobless may "slacken its progression" but "without any significant improvement" in the level of unemployment which touched a record 12.6 per cent in August.

Insee predicts that the economy will expand 1.2 per cent this year, compared with the government's own growth forecast of 1.3 per cent for 1996. The increase will be led by a year-on-year rise in household consumption of 2.5 per cent. But, partly because companies are still getting rid of old inventories, the annual increase in industrial output and in new investments will only be 0.2 and 0.4 per cent, respectively. Overall growth is forecast to be 1 per cent in the third quarter of this year and 0.4 per cent in the final three months. *David Buchan, Paris*

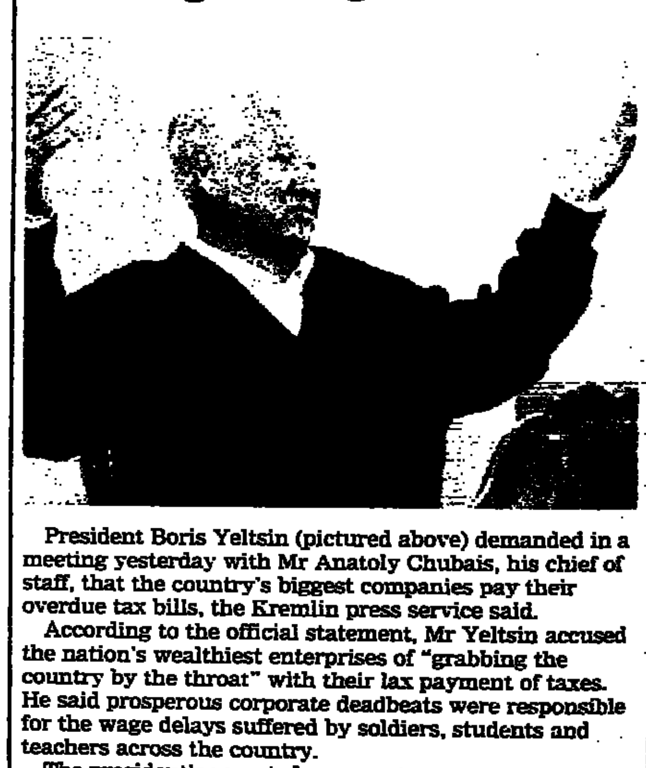
SPD drops Eurosceptic slant

Germany's opposition Social Democrats (SPD), hurt at the polls when they flirted with Euroscepticism, now say the European Union's planned common currency is the best response to a dominant US dollar.

SPD European affairs spokeswoman Ms Heide Wieczorek-Zeul told parliament yesterday the single currency could help save jobs and shield Europe from the harmful effects of fluctuations in the US economy.

Her statement, in a debate over current EU negotiations to reform the Maastricht treaty, stood in sharp contrast to the party's failed attempt early this year to win votes in a state poll with calls to delay the economic and monetary union. *Reuter, Bonn*

Yeltsin gets tough on tax



President Boris Yeltsin (pictured above) demanded in a meeting yesterday with Mr Anatoly Chubais, his chief of staff, that the country's biggest companies pay their overdue tax bills, the Kremlin press service said.

According to the official statement, Mr Yeltsin accused the nation's wealthiest enterprises of "grabbing the country by the throat" with their lax payment of taxes. He said prosperous corporate deadbeats were responsible for the wage delays suffered by soldiers, students and teachers across the country.

The president's reported comments were an important signal in the battle to improve tax collection which is the government's top priority. Mr Yeltsin's meeting was briefly broadcast on television, quelling speculation on international markets that the ailing Russian leader had died. The 20-second clip showed Mr Yeltsin walking and moving his hands but his speech was not intelligible. *Chrystia Freeland, Moscow*

Iberia accused of dumping

Iberia, Spain's state-owned carrier, was accused yesterday by domestic private sector airlines of using government subsidies cleared by the European Commission to dump internal air fares.

Mr Felipe Navio, president of the Spanish airline companies association, said his board would request that Brussels investigate breach of contract and unfair competition by the state company. He said that, under EU terms, Iberia's cash injection could only be employed to reduce debt and to cut operating costs.

Iberia has recently reduced internal airfares significantly on routes competing with private sector companies. *Tom Burns, Madrid*

Gemina executives held

Two former senior executives of Gemina, one of Italy's best known investment groups, have been arrested on charges of alleged falsifying accounts and warrants have been served on three others.

The move after a year-long inquiry by anti-corruption magistrates in Milan comes in the wake of Gemina's weekend split of the group into two holdings. The division with sound industrial and financial assets was regrouped under the name of HPI, while the troubled investment and banking activities were retained in the old Gemina. Three of the people involved were linked directly to Gemina Capital Markets, a Swiss-centred financial company which has incurred heavy but as yet unquantified losses and now remains in the group of companies under the Gemina name. *Robert Graham, Rome*

Russian conscripts steal arms

Two Russian soldiers in the far east yesterday shot and killed four of their comrades and then fled with a cache of weapons in an incident which has underscored the collapse of discipline and morale in the army.

Officials could offer no explanation of the two recruits' motives, but said they were confident they would be captured. Local reporters speculated that the soldiers were hoping to sell the weapons.

The assault in Sakhalin, a remote island on Russia's Pacific coast, is the latest in a gloomy series of disturbances which have underscored the deteriorating conditions of the Russian armed forces.

Mr Alexander Lebed, the Russian security chief, has warned that these conditions are ripe for mutiny. *Chrystia Freeland*

Italian deputies take new step to Emu

By Robert Graham in Rome

The Italian parliament yesterday formally endorsed the centre-left government's plans to lower the 1997 budget deficit to 3 per cent of gross domestic product in an attempt to take part in European Monetary Union.

The vote in both houses of parliament boosts the government and ensures the parameters of the tough 1997 budget will pass the legislature. It is now likely this vital fiscal package will be approved more quickly than usual, possibly by mid-November.

This will allow the government of Mr Romano Prodi to push on with negotiations for re-entry of the lira into the European exchange rate mechanism. Italy was forced out of the ERM in the September 1992 currency crisis.

Contacts on re-entry could begin with EU finance ministers in Luxembourg on Monday even though the lira is not formally on the agenda. Italian officials are understood to be seeking to co-ordinate talks on the lira with Finland, which is anxious to bring its currency inside the ERM for the first time. Re-entry is an essential step to being able to take part in the single currency.

Yesterday's vote followed a vigorous defence of the 1997 budget and the government's macroeconomic strategy by Mr Carlo Azeglio Ciampi, treasury minister.

The crucial vote was in the Chamber of Deputies, where the centre-left Olive Tree alliance relies on support from hardline Communists in Reconstructed Communism (RC). These voted with the government, giving 306 votes for, 261 against.

This proved that a compromise deal reached almost two weeks ago, making concessions to RC on welfare cuts and pension reform, could hold up.

The government had to seek a vote because its original macroeconomic plan covering 1997-99, approved by parliament in July, postponed a reduction of the deficit to 3 per cent of GDP until 1998. The new budget, decided at the end of last month, seeks to find in two stages a total of L62,500bn ($41bn) in fresh taxes, spending cuts and treasury operations.

Treasury officials said yesterday the vote meant that for the first time all parties in the government majority were now committed to backing measures ensuring Italy complied with the Maastricht criteria.

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R F

Fresh German strike threat

IG Metall warning reopens bitter dispute over sick pay

By Wolfgang Münchau in Frankfurt

IG Metall, the German engineering union, yesterday threatened to resume widespread industrial action after October 23, unless engineering employers formally abandon plans to cut sick pay entitlements.

The threat has re-opened a bitter industrial confrontation over an issue which IG Metall views as symbolic for the welfare state.

The deadline imposed by IG Metall comes after both sides reach a temporary truce on Monday in which the employers agreed not to unilaterally implement sick pay cuts. The proposed cuts are now casting a shadow over the current wage negotiations, which both sides expect to be difficult.

After a four-hour meeting in Frankfurt yesterday, Mr Werner Stumpfe, president of Gesamtmetall, the engineering employers' federation, said: "There is no occasion for optimism. The content is massive. The views are wide apart. Both sides have to deal with high expectations among their members. These talks will also determine whether the German system of regional industry-wide wage bargaining has a future."

Gesamtmetall said it wanted a comprehensive settlement to include five elements: the annual wage rise, cuts in sick pay, Christmas and holiday bonuses, and opt-out clauses for companies in financial difficulty.

IG Metall wants to treat sick pay as a separate issue, a ploy to enhance its negotiating position.

The union has made clear from the outset that it is not prepared to compromise over long-established sick pay rules, under which workers are guaranteed to receive 100 per cent of wages from the first day of illness. Mr Stumpfe said that unless sick pay was part of the total package, employers might not even begin wage negotiations.

The row over sick pay was triggered by a new law which cut minimum statutory sick pay to 80 per cent. Several engineering companies implemented the new law, but were forced to back down after warning strikes.

Mr Klaus Zwickel, president of IG Metall, said: "We have made clear to them the room for manoeuvre [over sick pay] is extremely small. The employers have told us that they could only imagine a solution that encompasses other elements. The consequence is that we will then have more confrontation."

Mr Zwickel has offered only one concession over sick pay, which would involve a change in the way it is calculated. At present, a worker's sick pay is based on all income, including overtime. IG Metall is prepared to exclude overtime, but is not prepared to compromise on the percentage of pay given.

Editorial Comment, Page 13

Czech PM exploits budget win

By Vincent Boland in Prague

Mr Václav Klaus, Czech prime minister, moved to the offensive yesterday in his government's battle with the opposition Social Democrats after winning approval for a *draft 1997 budget*.

After several weeks on the defensive amid growing signs of an economic slowdown and splits in his centre-right minority government, passage of the budget allowed Mr Klaus to turn the tables on his main rival, parliamentary chairman and opposition leader Mr Miloš Zeman.

The government won its first big victory over the opposition late on Wednesday when four opposition Social Democrat MPs voted with it. Mr Klaus moved immediately to grab the initiative by highlighting the splits in the Social Democrat camp, which has kept an impressive unity of purpose since nearly pulling off an upset in a general election in June.

The budget vote "clearly demonstrated the division of opinion within the Social Democrats at an important moment," Mr Klaus said yesterday. Last week, smarting at the new authority of parliament and his inability to dictate the pace of political developments, he accused Mr Zeman of trying to turn the clock back to before 1989 and undermining the achievements of the past six years.

By exploiting newly exposed opposition divisions, Mr Klaus hopes to convince his own coalition to present a unified face in another nationwide election, to a new senate, in five weeks' time.

His authority within the coalition and his own Civic Democratic party (ODS) has taken a battering since the *general election*. Most of the blame for the loss of the government's majority in June has been laid at his door. Colleagues complain of his autocratic leadership; some observers say his leadership could be challenged if the ODS failed to make up its losses in the senate election.

Since the collapse of Kreditní Banka, a private bank, in August with losses of some Kč12bn ($441m), the government has floundered. The collapse has spilled into the wider banking sector and required the emergency rescue last month of another private bank, Agrobanka.

The collapse caused a public outcry and led to a crisis of confidence in the banking *sector which has been badly* handled by the government. Ministers rushed to apportion blame to others, especially the central bank, responsible for supervising the nation's banks, and rejected calls for the resignation of the finance minister, Mr Ivan Kočárník, a close ally of Mr Klaus.

A cross-party parliamentary inquiry is now under way into the bank failure, the first time such an investigation has been authorised. The ODS at first rejected such an inquiry but public outrage at the scale of losses at Kreditní led parliament to approve the inquiry by a huge majority.

GDP growth reached 6.9% in 1995 and is on course for 5% this year

Economic cheer for embattled Armenia

When troops rushed into Yerevan to quell riots last month few people noticed that its embattled government had just been given a thumbs-up from the International Monetary Fund.

On the day Mr Levon Ter-Petrosian celebrated his hotly contested re-election as president, the IMF approved a second $25m tranche of a $148m loan to support the economy's stabilisation.

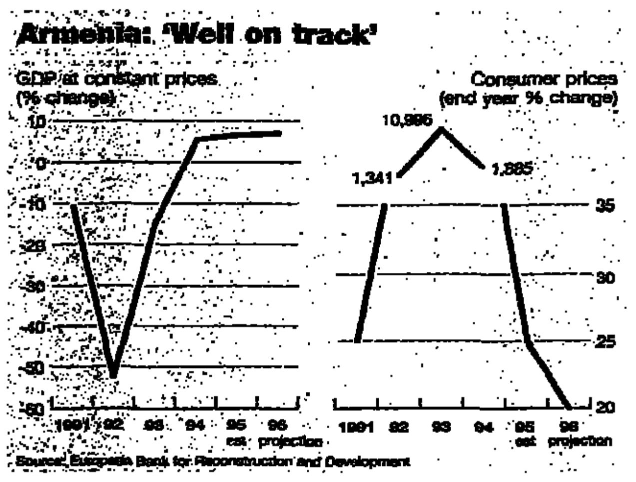
"Things are well on track," said Mrs Susan Jones, the fund's representative in Yerevan.

Armenia recorded a 6.9 per cent rise in gross domestic product for 1995 and may reach 5 per cent this year. That revival may be due partly to an improvement in energy supplies which enabled enterprises to switch from standstill to limited production, but it is one of the best performances in the former Soviet Union, where most economies have only just bottomed out.

Western credits, which paid for more than a third of this year's budget, have helped as well. But Mrs *Jones said the loans should* be weighed against a crippling trade blockade from neighbouring Azerbaijan and Turkey, in reprisal for Armenia's occupation of Azeri territory. Trade routes through Georgia are still unreliable, leaving only Iran as a major gateway and source of goods.

Mrs Jones said a 75 per cent boost in retail trade and services was a sizeable factor in the rise in GDP. The blockade, cutting off energy supplies needed by farmers to pump water from *wells and transport produce*, has masked the success of radical land privatisation, she said. The dram, the national currency, has been stable at 400 to the dollar.

Another record has been Armenia's low inflation – by former Soviet standards – which is expected to reach 20 per cent this year. But the price has been a tight limit on wages, the lowest in the former Soviet Union at an average of $20 a month. The IMF estimates that it costs more than $200 a month to feed a family of four. *Unemployment, officially at* 9 per cent, is at least 20 per cent.




Ter-Petrosian: back in power

Official results show Mr Ter-Petrosian with 52 per cent of the vote, just above the minimum required 50 per cent and a far cry from the landslide that swept him into power five years ago.

Over 40 per cent of Armenians voted for Mr Vazgen Manukian, a reformer like Mr Ter-Petrosian, but one who promised to ease the pain of tough monetarism by raising salaries and subsidies for *education and health care*. Riots broke out when he accused Mr Ter-Petrosian of rigging the vote.

"I'm sure this election is a wake-up call," Mrs Jones said. "People are fatigued. They've spent five years in hardship. They see the macro-economy has stabilised and ask – what's in it for us?"

In interviews, both Mr Hrant Bagratian, the prime minister, and Mr Bagrat Asatrian, chairman of the central bank, pledged to raise spending on pensions, *salaries*, healthcare and education. "We have to analyse the results and be more attentive to social policy," Mr Bagratian said. "Despite the steps forward, living standards remain extremely low. Thanks to reforms, the government will have more money to improve social conditions for the people."

Mr Asatrian cautioned that tax revenues had been disappointing and forced him to adjust his inflation estimate to 20 per cent this year, up from an ambitious target of 14 per cent. "I don't see new sources of revenues," he said.

In Mrs Jones's view: "Now you've got to work on structural reforms so you have a legitimate growth base." Mr Bagratian, too, said the increases would be limited and vowed to resign if he were asked to abandon tight budget reforms.

Some analysts in Yerevan think Mr Ter-Petrosian may want to do just that in order to pacify his people, but one western diplomat countered: "Why does he have to do anything to satisfy the people after he just got re-elected?"

Sander Thoenes

Milosevic rival abandons election challenge

By Laura Silber in Belgrade

Mr Dragoslav Avramovic, leader of Serb-led Yugoslavia's main opposition bloc, has resigned and abandoned his challenge to the Belgrade regime less than a month before federal elections.

The decision by Mr Avramovic, who, at 76, is a frail but well-respected figure because of his success in beating hyperinflation when he was governor of the central bank, was officially made on health grounds. But Belgrade's independent media claim he was pressed into stepping aside by President Slobodan Milosevic.

The resignation dealt a blow to the fractious Zajedno ("Together") coalition which is already struggling to remain united in the face of Mr Milosevic's powerful political machine.

According to opinion polls, whose reliability is questionable, Mr Avramovic's personal popularity had surpassed that of Mr Milosevic. The stabilisation programme masterminded by Mr Avramovic in 1994 brought an end to raging inflation, which at one point reached an annualised 300m per cent.

Mr Avramovic had boosted the opposition's prospects in the elections planned for November 3, which will elect a federal parliament grouping both Serbia *and* Montenegro – the sole constituents of the new Yugoslav state – plus a separate Montenegrin assembly, and local authorities in both republics.

The elections will be held against a background of growing worker unrest, making Mr Milosevic anxious to fill Yugoslavia's empty coffers. However, Serbia is unlikely to gain access to international financial organisations until the US lifts the so-called outer wall of sanctions which bars the country from full re-entry into the world economy.

Most sanctions against Belgrade were lifted following the certification of last month's elections in Bosnia as broadly free and fair.

Mr Milosevic needs to secure control of the parliament because his term as Serbian president runs out in a year. Under the constitution he cannot stand again, so insiders believe he is likely to want to become either federal prime minister or Yugoslav president.

Bildt wants troops to remain to 1998

By Bruce Clark, Diplomatic Correspondent

Mr Carl Bildt, who is overseeing Bosnia's reconciliation process, said yesterday an international military force should be deployed there for another two years to stop war breaking out again.

He also called for a more vigorous effort to indict and arrest war criminals.

The Swedish politician laid out his views on the military options in Bosnia as the US made a token withdrawal of 240 of its 15,000-strong contingent – but prepared to deploy another 5,000 soldiers in the former war zone.

The reinforcements are being sent between now and early November to "cover the withdrawal" of the main body of US troops, according to the Pentagon.

But General John Shalikashvili, the US armed forces chief, disclosed last week that he expected as many as 7,500 US soldiers to be in Bosnia next March, despite the termination of Nato's mandate at the end of this year.

The US is not expected to make a firm decision on future deployments until after the presidential election. In late 1995, President Bill Clinton promised a sceptical Congress he would send troops to Bosnia for one year only.

Mr Bildt said yesterday: "I am convinced there is a need for a military presence in the country during the coming two years." He added that the main job of such a mission would be to drive home to all parties that "there are no military options".

"This deterrence which is so critical to the political process requires an outside force," he told the Royal United Services Institute for Defence Studies.

Hinting at the establishment of special commando units to arrest war criminals, Mr Bildt said "we must look at ways of creating the instruments which will be necessary in selected cases" to stop the parties making a mockery of the UN over the issue of war criminals.

So far, only seven of the 75 people indicted by the international war crimes tribunal have been taken into custody.

Pakistan to renew plea for IMF support

By Farhan Bokhari in Islamabad

Pakistan is to send a top-level mission to Washington in a further attempt to repair relations with the International Monetary Fund after the cabinet yesterday agreed new measures to raise net fiscal revenues by PRs40bn ($1.1bn).

The mission, due to be headed by Mr V.A. Jafarey, the government's chief economic adviser, will leave next week after a separate meeting between Ms Benazir Bhutto, the prime minister, and provincial government heads and their finance ministers.

This has been convened for Sunday and will seek broad approval of measures that are certain to prove controversial.

The government gave no details last night but the package is expected to include a politically sensitive tax on agricultural land, as well as restrictions on provincial borrowings from the central government.

About half the savings are expected to come from spending cuts.

Cabinet agreement on the measures was reached after nearly two hours of discussion amid mounting concern about the effect the rift with the fund is having on economic confidence.

Reserves have fallen to less than $900m – or just enough to finance five weeks of imports – from $1.7bn since June when the IMF suspended drawings on its $600m loan to Pakistan because of concern about the budget deficit.

In talks with Ms Bhutto in New York last week, IMF officials reiterated their concern that the government would fail to achieve its target of reducing the budget deficit to 4 per cent of gross domestic product by next June.

Ms Bhutto said after that meeting that an understanding had been reached on the outline of a new programme, but this was not yet enough for drawings onthe IMF loan to resume.

To meet its deficit target, the IMF has pressed Pakistan to cut government spending, revise its controversial sales tax on goods and services, and reform large public-sector banks, which have become increasingly unprofitable.

It also fears the yield on the unpopular new sales tax would fail to meet expectations because of its complicated structure and because too much of the proceeds would accrue to provinces.

Beijing seeks tighter controls on ideology

By Tony Walker in Beijing

China's policy-making Communist party central committee yesterday called for tighter ideological controls in a new campaign certain to become the centrepiece of the party's strategy leading to next year's national party congress.

This week's four-day party plenum endorsed a "spiritual civilisation" document signalling a more determined fight to improve civil conduct and combat the corruption rife among the Communist party's 50m members. It set up a committee to oversee the campaign.

The central committee meeting, attended by 181 members and 124 alternates of the communist élite, was an opportunity for President Jiang Zemin to strengthen his grip on power as Mr Deng Xiaoping, the ailing patriarchal leader, fades from the scene.

Political factions have intensified their manoeuvring in the lead-up to next year's congress and Mr Jiang is using every opportunity to bolster his position.

The plenum communiqué noted China's leader had delivered an "important speech" outlining his "spiritual civilisation" campaign. It described the campaign as "a task of great strategic importance".

China's leader is seeking to revive belief in traditional Confucian behaviour as a means of combating the ills of modern society, such as "money-worship" spawned by the country's rapid economic transformation.

The communiqué made clear the plenum was aimed at setting the scene for next year's congress, expected to endorse a new leadership structure and policies to carry China into the next century. "The congress is a meeting of great significance at an important time, during which China's reform, opening-up and socialist modernisation construction will be carried forward."

The plenum signalled a commitment to continued reform, but made clear that short-term economic change should take second place to the building of a just civil society. The communiqué also indicated that China's media would be expected to play a vigorous role in promoting the new ethical campaign. It talked of the need to "strengthen control of press and publications".

A poster at Huairou near Beijing calling for the building of a 'spiritual civilisation', a theme which has dominated the Communist party annual plenum *Reuter*

ASIA-PACIFIC NEWS DIGEST

Australian jobless dips

Australia's unemployment rate has eased marginally, to 8.7 per cent in September compared with 8.8 per cent in the previous month, triggering market speculation that the slowdown in the economy may permit a further interest rate cut before Christmas. The data also showed that job numbers in fact fell in September by 34,100, after five consecutive monthly increases. Analysts said that about one-third of this fall could be attributed to the ending of temporary jobs created by the recent Australian census compilation effort.

Ms Amanda Vanstone, employment minister, avoided committing the government to meeting the unemployment forecasts contained in the recent federal budget. These suggested that the jobless rate could fall to 8.25 per cent by next June. *Nikki Tait, Sydney*

Megawati loses court bid

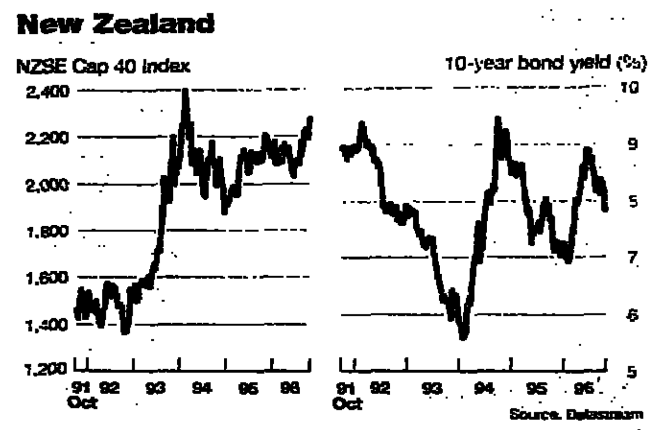
An Indonesian court has ruled it does not have the jurisdiction to hear a lawsuit filed against the government by Ms Megawati Sukarnoputri in what amounts to another political quashing for the ousted leader of the opposition Indonesian Democratic party.

A three-judge panel of the Central Jakarta State Court yesterday agreed with government defence lawyers who argued the case was an internal matter of the PDI. Ms Megawati was attempting to sue six people, including Mr Yogie Memed, home affairs minister, and Gen Feisal Tanjung, armed forces head. The suit challenged the legality of a government-backed PDI party congress which replaced Ms Megawati with a government-sanctioned leader, Mr Suryadi. *Manuela Saragosa, Jakarta*

Rao arrested and released

Mr P.V. Narasimha Rao, former Indian prime minister, was arrested at his home in a criminal forgery case and then immediately released on Rs25,000 ($700) pre-emptive bail, the Press Trust of India said yesterday. The arrest warrant was issued last week by a New Delhi judge but had been temporarily suspended pending a ruling by the Delhi High Court on a plea by Mr Rao for legal protection against arrest in the seven-year-old case. The hearing of the case, which dates from 1989, is set for Monday. *Reuter, New Delhi*

Bolger's scare tactics fail to move markets



New Zealand's prime minister, Mr Jim Bolger, has been playing the "economic risk" card so aggressively in the run-up to tomorrow's general election that he has been accused of "economic treason" by his political opponents.

He has described any uncertainty among foreign investors as "totally understandable". Placed in a similar position, he has said, he would wait on the sidelines until the result of tomorrow's poll was known.

This and his dire warnings of budget deficits and mounting debt if the left-wing parties put his National party government out of office have prompted the charge that he is "dragging down the economy".

However, if his tactic has nettled the opposition, it does not appear to be worrying the financial markets overmuch. While the NZ dollar weakened mid-week and share prices eased yesterday as opinion polls swung against National, the stock market is still close to a 2½-year high. And 10-year bond yields are lower than in June.

"It has surprised us that the markets have been so comfortable," says Mr Paul Stewart, chief economist at ANZ Banking group in Wellington. "You'd have to argue that some risk premium is already priced in, but it's not substantial."

Many analysts think political considerations have been swamped by the relatively high real returns on offer in New Zealand. "Overseas investors are blinded by the yield return and the weight of money [from overseas] has overwhelmed any local selling of bonds or the NZ dollar from people worried about the election," said Bancorp Treasury Services in its weekly commentary.

Another suggestion is that overseas investors, who previously assumed a National-led coalition government would emerge from the poll, are still catching up with the shift in sentiment. It was only last week, in the wake of the first leaders' debate, that the polls began to suggest a comfortable majority for the main opposition parties – Labour, the Alliance and New Zealand First.

A third explanation is that it is Labour which has been making the recent headway, and would be the dominant partner in any non-National coalition. This is the party which initiated New Zealand's reform process in the mid-1980s, forcing a hitherto protected economy to become more open and market-oriented.

While it repudiates much of National's "user-pays" approach in the health and education areas, its economic policies are planted in the centre ground. It talks of continuing to run fiscal surpluses – although it thinks National's targets "unnecessarily high". It is committed to free trade. And while it advocates a more progressive income tax scale and higher fringe benefits tax, it would leave the main indirect tax and company tax rates unchanged.

Labour would retain the Reserve Bank Act, which requires the bank governor to keep inflation in a legislated target range. It would expand the target range to minus 1 to plus 3 per cent, from the current 0-2 per cent, but still focus efforts on the midpoint of this range.

The degree to which coalition arrangements with the Alliance or NZF might temper these policies is harder to assess. From the financial markets' standpoint, the Alliance – with its "tax and spend" agenda and strong environmental concerns – is probably the bigger problem.

But Ms Helen Clark, the Labour leader, has stressed that her party will not "build a wall or dig a moat around New Zealand".

New Zealand First, meanwhile, advocates a brand of economic nationalism and tends to be more "pro-business" than Labour. But there are some policies which might worry markets. Mr Winston Peters, NZF's leader, has supported bilateral free trade, but insisted that any barriers against New Zealand-made exports should be matched. NZF also wants to restrict foreign ownership of strategic assets.

Any shift in strategy would come against the background of an economy which has slowed substantially. According to Reserve Bank forecasts, real growth in the year to March 1997 is likely to be around 2 per cent, rising to 2.4 per cent in 1997/98. The treasury remains more optimistic, suggesting 2.5 per cent and 3.7 per cent respectively. But on either analysis, this is a far cry from the 6.1 per cent in the year to June 1994.

Nikki Tait

LEGAL NOTICES

In the High Court of Justice No. 3773 of 1996
Chancery Division
Companies Court
IN THE MATTER OF THE BIRKDALE GROUP PLC
AND
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 24th September 1996 presented to Her Majesty's High Court of Justice for the cancellation of the Share Premium Account of the above named company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Registrar of the Companies Court at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday 23rd October 1996.

Any creditor or shareholder of the Company desiring to oppose the making of an Order of the confirmation of the said cancellation of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the under mentioned Solicitors on payment of the regulated charges for the same.

Dated this 10th day of October 1996
Nabarro Nathanson
50 Stratton Street
London W1X 6NX
Tel. 0171 493 9933
Ref: FA/AOC/B2193/32
Solicitors for the Petitioning Company

US urged to take lead in trade policy

By Guy de Jonquières in Geneva

Mr Renato Ruggiero, director-general of the World Trade Organisation, is pressing the US to resume a more active role in shaping global trade policy, after a long period in which Washington has been accused of being indifferent and obstructive towards the multilateral trading system.

Mr Ruggiero launched his initiative in talks last month in Washington. Trade officials in Geneva are encouraged by the response, particularly from the White House, where senior advisers to President Bill Clinton are said to have hinted at a more constructive approach after the presidential election on November 5.

"We have to give back to the US the sense of leading the game in the multilateral trade system," Mr Ruggiero said in an interview. "After the US election, international trade will again become a major programme."

He said one sign of renewed US commitment was its strong support for attempts to agree a global free trade deal for information technology products at December's WTO ministerial meeting in Singapore.

Washington's apparent rethink has raised hopes that, if Mr Clinton is re-elected, the US may propose other initiatives in Singapore. It may also be more ready to conclude an agreement in the WTO early next year to liberalise basic telecommunications, after balking at a deal last spring.

White House officials are said to have conceded that they had been stung by repeated criticisms from trade partners that the US was turning its back on the WTO, by threatening them with unilateral trade sanctions and holding back in trade negotiations on telecommunications, financial and maritime services.

Mr Ruggiero plans to help the US throw its weight behind the global trade system by urging developing countries to back the proposed IT agreement and respond positively to US pressure to agree in the WTO to open their telecommunications markets more widely to foreign investment and competition.

He was also hopeful of overcoming opposition by India, Malaysia and some other developing countries to proposed WTO talks on liberalising foreign direct investment. He said changing economic conditions meant WTO members were no longer split along north-south lines on many trade issues.

However, the WTO head said hopes for closer co-operation depended crucially on the readiness of industrialised economies – such as the European Union – to live up more fully to their commitment to dismantle quotas on textiles and clothing imports from developing countries.

"From a psychological point of view, textiles are an extremely important element. It is in the interests of all European Union businesses to move as fast as possible," he said. Speedier liberalisation by rich countries was needed, in recognition of the efforts by developing ones to meet their obligations under the Uruguay Round world trade deal.

Developing countries have accused the EU and US of implementing too slowly their Uruguay Round commitments to phase out textiles quotas over 10 years. But European textiles producers have attacked as too far-reaching recent European Commission proposals for the second stage of EU liberalisation, which starts in 1998.

Slowdown hits recorded music sales

By Alice Rawsthorn in London

The international music industry is experiencing a slowdown after years of strong growth, with sales of albums and singles stagnating in the first half of 1996.

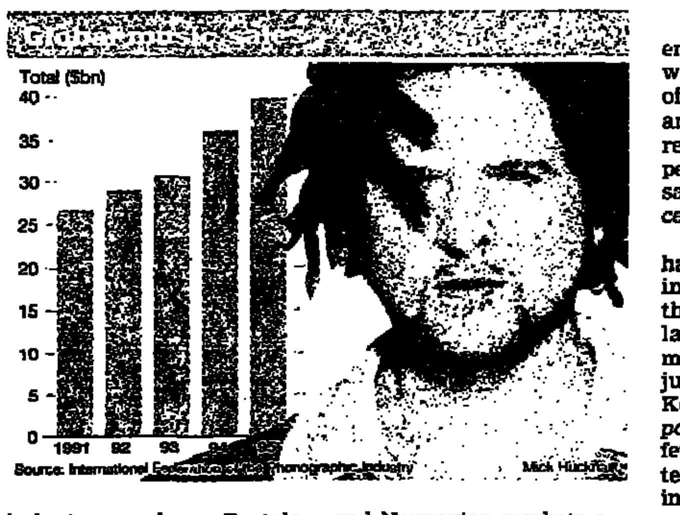
Worldwide sales amounted to $16.24bn, an increase of 0.2 per cent over the same period of 1995, said the International Federation of the Phonographic Industry. This means global sales fell in real terms.

The industry managed to muster volume growth of 5 per cent during the first half, with unit sales rising to 1.25bn. The discrepancy between volume and value growth suggests that profitability is under pressure because of discounting in the US and rising piracy in parts of Asia.

Music sales are always sensitive to the flow of new releases. The industry hopes the market will revive this autumn as new albums come out including R.E.M.'s *New Adventures In Hi-Fi*, launched last month, and Simply Red's *Greatest Hits*, on sale this week.

However, a prolonged slowdown could have serious implications for the multinational entertainment groups that dominate the music market, including Japan's Sony, PolyGram of the Netherlands, the UK's EMI, Time Warner of the US and Germany's Bertelsmann.

After several years of robust growth, many of these companies have come to depend on the profits of their music subsidiaries to pay for expansion into other sectors. PolyGram has invested heavily in the film industry, as have Bertelsmann and Time Warner in television.



The first half was particularly bad for the European industry. The French, Italian, Belgian, Dutch, Swedish and Norwegian markets saw value sales fall in real terms. The UK market was robust in the first quarter, but stalled in the second; sales in Germany barely rose above inflation.

There was a slight recovery in the US market, which was sluggish in 1995 because of the unstable retail sector and a dearth of exciting releases, with sales rising 6 per cent to $5.4bn. However, sales in Canada fell 7 per cent to C$561m (US$415m).

The Asian market, which has shown dramatic growth in recent years, slowed in the first half. Japan, the largest regional market, mustered modest growth just above inflation. Hong Kong, South Korea, Singapore and Thailand all suffered declines in sales in real terms, after enjoying healthy increases in recent years.

Asia's erratic performance reflects a recent increase in piracy in some countries, notably in Singapore, which not only takes sales away from legitimate merchandise but forces prices down.

Bolero reins in cargo paperwork

George Graham reports on an electronic answer to costly trade red tape

Every time a cargo ship docks, one of the first things to be unloaded is a pallet-load of paperwork.

But a new system designed to take much of this paperwork out of the world trade system could be in operation by the last quarter of next year.

Previous efforts to bring trade documentation into the electronic age have generally run aground either on the difficulty of bringing such a wide range of data into a single computer format, or on perceptions that the project's promoter was out to steal a commercial march on its competitors.

But Bolero, which began life as a research project sponsored by the European Union, brings together importers and exporters, shippers and bankers.

"I think the industry has realised that individual proprietary efforts are just not going to be successful," said Mr Peter Scott, trade services director at Swift, the interbank communications network which is taking a main role in Bolero.

Swift's board has already given its approval, assuring the participation of the banking industry in a Bolero joint venture. The Through Transport Club, a mutual insurance company which groups freight forwarders and transport companies, is expected to meet next week to vote on its participation.

The joint venture will set up an electronic repository for trade documentation such as purchase orders, bills of lading and packing lists, to which exporters, shippers, banks and customs authorities can obtain secure access.

Bills of lading, which carry ownership title for cargoes, have been a particularly sensitive issue, but Bolero participants believe that the electronic exchange of title will be acceptable in most parts of the world.

It is expected that Swift, which as the conduit for interbank payment messages worth an estimated $2,000bn a day has long experience in electronic security measures, will set up the Bolero repository and handle its security and authentication measures.

But where Swift's own network, linking primarily banks, has a limited membership and relatively rigid message format, Bolero needs to be open to a much wider range of documents.

It has to be accessible to a greater variety of participants – not just the bank with a huge information technology system but the freight manager with a laptop computer at the docks.

That meant designing a system that could work with any format of document.

Most messages are likely to be sent in the Edifact or ANSI X12 standards, but the Bolero group decided recently that the system must also be able to work with traditional paper documents, especially in some Asia-Pacific markets. Electronic images will therefore be accepted.

"We recognised that on day one a lot of participants will not be able to interact electronically, so we included digitised images. That means that you can go from paper to electronic, and back to paper," said Mr Charles Doran, vice-president for global trade finance at Citibank in Stamford, Connecticut, which has been one of the banks involved in the Bolero project.

One of the biggest advantages of turning the documents into electronic form is improving the accuracy of the data. One study of the paper flow estimated that much of the data in a typical transaction has to be retyped more than 30 times, with new opportunities for error on each occasion.

"One thing that annoys everybody and which Bolero would certainly help to eliminate is the error factor – the bill of lading which doesn't match the letter of credit," said Mr Mark Holford, a director of Through Transport Mutual Services UK.

Trade finance bankers say the discrepancy rates in the documentation they receive for a letter of credit average between 55 and 90 per cent – and the buyer's approval of all those discrepancies has to be secured before the money can be released.

But Bolero should also help to speed up the entire process of importing and exporting goods, which can sometimes be held up for weeks because a banker wants to see a document which is still at sea.

For cargoes which are often traded while at sea, such as oil, the paperwork can still be circulating up to a year after the goods have landed.

If it is successful, Bolero has the potential to produce staggering cost savings. One report from a United Nations agency estimated that 7.5 per cent of the cost of worldwide trade comes from paperwork. With trade flows totalling more than $5,000bn last year, that gives a cost base of $375bn a year to shoot at.

"Every time a container ship docks in Genoa harbour there is potentially 500kg of paper to be processed. That is what this is about. That is the pay-off," said Mr Leonard Schrank, chief executive of Swift.

Vietnam textiles plea is rejected

By Jeremy Grant in Hanoi

The European Union yesterday rejected calls by Vietnam to be allowed to sell more textiles to the EU, saying a textile agreement signed three months ago could not be renegotiated.

Vietnam's deputy trade minister, Mr Nguyen Xuan Quang, said in a newspaper article this week that the EU "will meet Vietnam's requirements" in increasing textile and garment quotas due to "the improving economic and trading relations between the two partners".

His comments echoed those of Vietnamese diplomats who at a meeting in Hanoi with EU officials asked unofficially to renegotiate the quotas.

However the European Commission's senior official in Hanoi, Mr Riccardo Ravenna, said the agreement was not negotiable. "If we can help them to use in a more flexible way the existing rules of the agreement, we are ready to talk. But we will not move [our basic position] before the end of the agreement," he said.

Textiles account for 70 per cent of Vietnam's exports to the EU. Hanoi earned Ecu300m ($381m) from textile exports to the EU in 1995 and hopes that the EU market will help it achieve about $1bn in total textile revenue by 2000.

It argues that the quota fixed in the textile agreement is too low and should equal those of other countries in the Association of South-east Asian Nations, which it joined a year ago.

However, the EU is under pressure from European textile manufacturers to stem a flood of imports from Asian countries to safeguard European jobs. It is also keen to see Hanoi demonstrate a clear commitment to providing market access for EU goods such as alcoholic drinks and pharmaceuticals, as well as in the banking and insurance sectors.

Warning light flashes over peso

Stephen Fidler and Leslie Crawford on an old Mexican dilemma

Less than two years after a disastrous devaluation, the debate has reopened in Mexico about the strength of the peso.

The peso's steadiness around 7.5 to the dollar this year has been accompanied by a narrowing of the country's trade surplus, mainly caused by a sharp rise in imports.

Some economists are arguing that the two developments are linked. The peso's stability means it has appreciated significantly this year against the dollar in real terms because Mexican inflation is far higher than in the US.

There have been signs of a modest tapering off in growth in exports, although Mexico's post-devaluation export boom remains intact. Depending on how calculated, exports in the second quarter accounted for 27 to 29 per cent of national product compared with 17 per cent in the first quarter of 1994.

However, after a depressed 1995, imports in the latest five months for which figures are available were 27 per cent above the level of a year earlier. And in both July and August, they were back around the all-time pre-devaluation record of $7.6bn.

Mr Rudiger Dornbusch, professor of economics at Massachusetts Institute of Technology, says the central bank of Mexico is keeping monetary policy too tight in its obsession to push inflation down, thereby elevating the exchange rate. "As the clock ticks, they are giving away competitiveness."

He argues that the Bank of Mexico is making mistakes that could lead to an overvaluation of the peso, similar to those that preceded the devaluation of December 1994. "They are doing exactly what they were doing last time, though they are in nowhere near as deep.

"They need to shift to a strategy that raises growth," said Mr Dornbusch. This would mean monetary conditions to allow continual modest depreciation of the peso to maintain competitiveness.

The central bank is also coming under political pressure inside the country. There is a long-standing tension between the finance ministry – led by Mr Guillermo Ortiz, a long-standing backer of a "competitive" exchange rate – and the autonomous central bank. However, although the peso has not yet touched the 7.7 to the dollar exchange rate average for the year implicit in its 1996 budget, Mr Ortiz has been careful this year not to indulge his differences with the bank in public.

Lawmakers, vested with more genuine power after recent political changes, are also becoming critical. Mr Francisco Suarez Davila, head of the Congressional Finance Committee, complained last week that currency appreciation was threatening exports and blamed the Bank of Mexico for using the peso as an anchor against inflation. "A yellow warning light is flashing and that light is saying that the exchange rate is appreciating in real terms . . . ," he told Reuters.

However, according to Mr Francisco Gil, vice-governor of the Bank of Mexico, there is no policy to preserve a strong exchange rate. "We have now a freely floating exchange rate and floating interest rates. No other country has a set-up like ours. They are like two bellows moving at the same time: interest rates and exchange rates."

Mr Jonathan Heath, who runs an economic consultancy in Mexico City, calculates that the peso is today only 3 per cent undervalued compared with the average real exchange rate in 1990, the benchmark widely used to indicate an equilibrium value. By this measure, the peso was undervalued by 28 per cent in March last year.

Other economists say the current undervaluation may be greater because Mexican wages have risen less than other prices in the economy and because labour productivity in export industries has risen.

Even so, Mr Heath wonders whether further currency depreciation would do much to correct a trade imbalance. Going back to 1994, he points out that Mexico's currency overvaluation was greatest against the US dollar rather than the yen and D-Mark. Yet its trade deficit was mainly with Japan and Germany.

Now, though still in overall monthly surplus, Mexico is running big trade deficits with Asian countries such as Malaysia, South Korea and Singapore. It is not clear, he says, that devaluing the currency would have much impact in correcting this. "If the Americans have problems getting access to the Japanese market, how are we going to?"

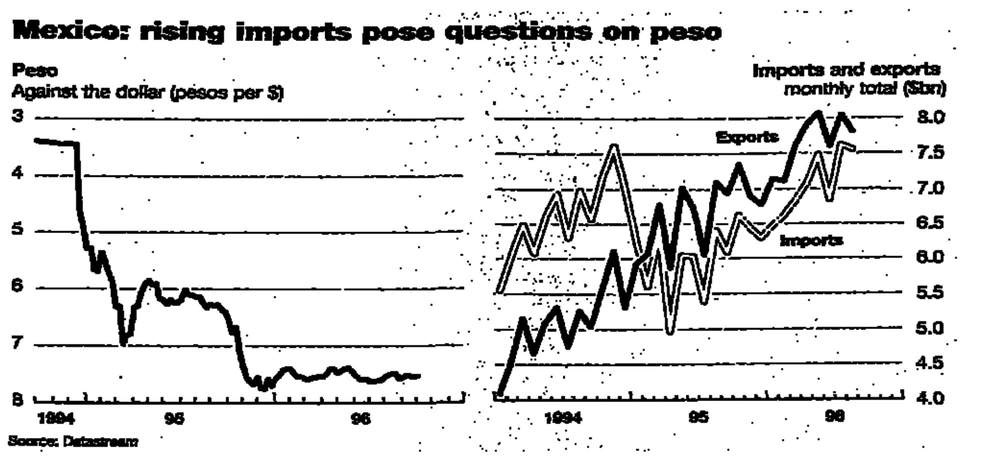
He also argues that Mexico faces a structural problem that means as Mexico emerges from recession and incomes start to rise, imports grow sharply – even if import prices are rising because of exchange rate depreciation. "What this means is that we could depreciate the currency next year by 30 per cent and still have a trade deficit," said Mr Heath.

If this is correct, the only way to limit import growth and prevent the emergence of worrying trade deficits is to constrain economic growth, perhaps at an unsatisfactorily low level. This is the same policy dilemma that faced the Salinas government before 1994.

Mr Gil believes it is still too early to suggest such a dilemma. Rather, it is that Mexico's exporting industries – including its in-bond *maquila* assembly plant industries – are still highly dependent on intermediate, or part-processed, goods from abroad.

As exports rise, therefore, so do imports – and will do until suppliers to these export industries grow up in Mexico. This process will take time.

Mexico: rising imports pose questions on peso



Source: Datastream

Body found at home of Raúl Salinas

By Daniel Dombey in Mexico City

A body believed by Mexican officials to be that of a missing federal congressman has been found by investigators in the grounds of a house belonging to Mr Raúl Salinas, brother of former president Carlos Salinas.

The former president's brother has been held in prison since February last year charged with the 1994 murder of a senior ruling party official, Mr José Francisco Ruiz Massieu. He denies the charge. The missing congressman, Mr Manuel Muñoz Rocha, is alleged to have been his accomplice in the murder.

If identification of the body is confirmed by forensic tests, the murder case against Mr Salinas will be revitalised and an issue which had become a growing source of embarrassment for the government will be transformed into a political success.

"What should have been just a police investigation has become a key issue in people's judgment of the government as a whole," said Mr Mariano Ruiz Funes, a partner at GEA economic and political consultants in Mexico City.

Police investigators found the corpse on Wednesday in the grounds of the Salinas estate on the outskirts of Mexico City. The estate had been the site of two previous, fruitless searches.

They said they were acting on a "confidential" tip-off from an informant who stepped forward after advertisements asked for information on the whereabouts of Mr Muñoz Rocha.

"This is a clear sign that the investigation has been thorough and serious, and that it is clarifying issues that concern society as a whole," said Mr Antonio Lozano Gracia, the attorney-general.

Until this week's discovery, the authorities were seen as having not much more than circumstantial evidence against Mr Salinas concerning the assassination of Mr Ruiz Massieu, secretary-general of the Institutional Revolutionary party (PRI), and once married to a sister of the Salinas brothers.

For some time the attorney-general's office has been working on the hypothesis that Mr Muñoz Rocha visited Mr Salinas's house a day after the assassination.

Investigations into two other high-level assassinations have failed to prosper. The circumstances surrounding the deaths in 1993 of Guadalajara Archbishop Juan Jesús Posadas and in 1994 of ruling party presidential candidate Mr Luis Donaldo Colosio are unclear.

On Tuesday a PRI majority terminated a congressional commission investigating possible corruption at Conasupo, the government organisation that handled subsidised food in which Mr Salinas worked during his brother's presidency.

Mr Salinas is also charged with illicit enrichment, which he also denies. Over the last year it emerged that he held over $120m in foreign bank accounts yet, as a government employee, his salary never exceeded $190,000.

Kemp unprepared for cut and thrust

Gore's triumph is to exceed expectations

By Patti Waldmeir in St Petersburg, Florida

US ELECTIONS November 5

American election campaigns start earlier and earlier all the time. So on Wednesday night, America kicked off the first campaign of the 21st century – the presidential race of the year 2000 – with a debate between the two men who would like to run in that contest, Vice President Al Gore and his putative Republican challenger, Mr Jack Kemp.

And within hours, America's hyperactive opinion pollsters provided one of the first presidential polls for the new century: they gave Mr Gore a double digit lead over his Republican rival. But they assured the electorate that there was still time for the gap to narrow. They confidently predict a race in 2000, rather than a rout.

Officially, Wednesday night's event in St Petersburg, Florida was part of the 1996 race. No one expects the debate between the vice president and his challenger to have much impact on this year's poll. Vice presidential debates traditionally make little difference. Even last week's presidential sparring, which attracted far more attention, has done little to shift the polling positions of the contenders. The gap between President Bill Clinton and Mr Bob Dole, the Republican candidate, remains in the upper teens – even after a contest in which Mr Dole exceeded expectations.

The vice presidential debate was less a battle for votes than a struggle for money. To mount a presidential bid in 2000, candidates will need to begin raising campaign finance soon. Both men needed a creditable performance in the debate, to motivate likely funders.

Snap opinion polls show that Mr Gore certainly achieved that: every post-debate measure gave him a 20 to 30 point "win" over his rival. "If this were a boxing match, they would have called it after the first round," said Senator Christopher Dodd, the Democratic party chairman. "He [Kemp] just wasn't prepared."

Mr Gore triumphed, in part, simply by frustrating voters' low expectations of him. The vice president is famous for the tedium of his speeches, and the stiffness of his demeanour. On Wednesday night, he deadpanned a few pre-rehearsed jokes, and even ad-libbed one successfully. Playing on his reputation for delivering deep and tedious theses on the environment, he promised at the start that if former footballer Mr Kemp would not tell any football stories, "I won't tell any of my warm and humorous stories about chlorofluorocarbon abatement."

When Mr Kemp promised that Republican tax cuts would stimulate the economy to "roar like Niagara Falls," Mr Gore replied that they would "put the economy in a barrel and send it over Niagara Falls". From the vice president, this qualifies as humour.

Mr Kemp, for his part, appeared to have only one answer for all questions: tax cuts. Mr Jim Lehrer, the television anchorman who acted as debate moderator, came close to ridiculing Mr Kemp at one point for suggesting that America's social and race problems could be solved by tax cuts.

After about half an hour, sweat appeared visibly on Mr Kemp's top lip; by the time he fielded questions on foreign policy he was floundering, even accusing the International Monetary Fund of "socialism".

Mr Gore kept up a persistent if repetitive attack on the Republican campaign promise of a 15 per cent income tax reduction.

He called it a "scheme" and repeatedly used the adjective "risky". The Republicans would "blow a hole in the deficit," he said. The Democrats would offer "targetted" tax cuts (on college tuition and home sales) while also balancing the budget and protecting sensitive social programmes like Medicare.

Both men are intelligent and thoughtful, known more for their ideas than their political skills. But Mr Kemp ended up sounding like a fanatic, a missionary of trickle-down growth, while Mr Gore stuck to well-known White House policies, and managed to look both safe and presidential.

But the last word went to the Republican party chairman, Mr Haley Barbour: "Everybody has to admit, the debate was pretty dull." After a 1996 campaign of historic dullness, that does not bode well for 2000.

Al Gore (right), the vice-president, and his republican opponent Jack Kemp engage in "pretty dull" debate Reuter

Buenos Aires power utility to raise $1bn

By David Pilling in La Plata

Buenos Aires province hopes to raise up to $1bn through the sale of its Eseba electricity utility, tender documents for which are due to go on sale next month. The sale is expected to be Argentina's biggest provincial privatisation.

Revenue from the privatisation will be spent on local public works programmes, while Eseba officials have tried to quell union opposition to the sale by pledging that there will be no job losses. Any Eseba employees not required after the privatisation would be offered jobs with the provincial administration, officials said.

Mr Eduardo Duhalde, governor of Buenos Aires province and a presidential hopeful for 1999, is hoping to highlight differences between the Eseba sale and the federal privatisation programme, now virtually completed. Although privatisations have generally brought improved services, the public has blamed them for mass job losses and questioned the government's use of windfall revenue, which has often been swallowed up by budgetary deficits.

"Every peso that we raise through this privatisation will go to a specific destination," said Mr José Antonio Romero, president of Eseba, who recently returned from a roadshow to promote the sale in Europe and North America.

Eseba, which has an installed capacity of 1,089MW, serves 1.3m business, co-operative and individual customers in an area the size of Spain. The company broke even last year on a turnover of around $850m. An efficient private operator is likely to attempt to raise profits by reducing electricity losses caused by technical problems and theft through illegal connections.

In order to maximise revenue from the sale, Eseba will be sold in six parts, comprising two generators, three distributors and one transmission company. The level of interest has been described as "very high" by Mr Romero, who said companies from Canada, Chile, France, Germany, Italy, Spain, the UK and the US were likely to bid. The sale is due to be completed by March.

'Airbrushing gone mad' mars Virginia campaign

By Anne Counsell in Washington

The bitter Senate battle in Virginia, which pits incumbent Republican Senator John Warner against Democratic challenger Mr Mark Warner, has not been edifying at the best of times. But the campaign plunged to new lows this week when Republicans launched an advertisement using a cut-and-paste photograph of Mark Warner superimposed on a picture of someone else in an attempt to cast him as a "liberal political insider".

The manipulated photograph shows President Bill Clinton on a podium with former Virginia governor Douglas Wilder and Mark Warner's head superimposed on the shoulders of the state's Democratic Senator Charles Robb.

The advertisement, issued on behalf of Senator Warner's campaign, was an attempt to counter Mark Warner's $5m-plus television blitz of statewide advertisements. Mark Warner, 41, is a political novice and telecommunications tycoon who has been projecting himself as a voice for a high-tech future. The two men are not related.

Senator Warner, 69, is serving his third term and commands steady support in state polls. In nearly two decades of office, he has defended jobs against federal defence cuts and his message to voters has stressed continuity and trust.

Political analysts were surprised at the tactical blunder of publishing an altered photograph. "I think it's sleazy for misleading people," said Mr Robert Balkin, publisher and editor-in-chief of the Hotline, a daily national electronic news briefing on politics. "But the bottom line is it was stupid. Why would a candidate who is 20 points up in the polls do something so unnecessary?"

A Democratic campaign co-ordinator said: "This is a case of political airbrushing gone mad."

Senator Warner's campaign team moved rapidly to apologise and distance themselves from the advertisement, which was paid for by the Republican National Committee. The Senator on Tuesday blamed his media consultant, Greg Stevens & Co, which is also working for Republican presidential contender Mr Bob Dole.

Yesterday, Mr Greg Stevens issued a statement taking full responsibility for the alteration of the photo.

Clinton plans free schools Internet

President Bill Clinton will announce plans to provide free basic Internet access to every school in the US and create a $500m programme to install more advanced Internet access at selected sites around the country, the White House said yesterday, Reuter reports from Knoxville. It was not clear, however, who would pay for this.

White House documents outlined a plan to develop a "universal service fund that provides free access for schools to the information superhighway". But an hour before Mr Clinton was to announce the initiative at a campaign speech in Knoxville, Tennessee, White House officials were unable to explain just who would contribute to this fund and how it would work.

The president, appearing with Vice-President Al Gore in the latter's home state, also planned to announce a five-year programme called Next-Generation Internet, which would link 100 sites, including universities, to the Internet with speeds 100 to 1,000 times faster than now possible.

A White House official said the programme, estimated to cost $500m over five years, would be funded in its first year by the White House seeking $100m from Congress in its 1998 fiscal year budget request. The White House would then study where to raise the rest of the money, the official said. Public-private partnerships were one option.

The president also plans to announce the formation of a commission of seven chief executives that will seek to provide computers, software and teacher training to every school in the country using private funds.

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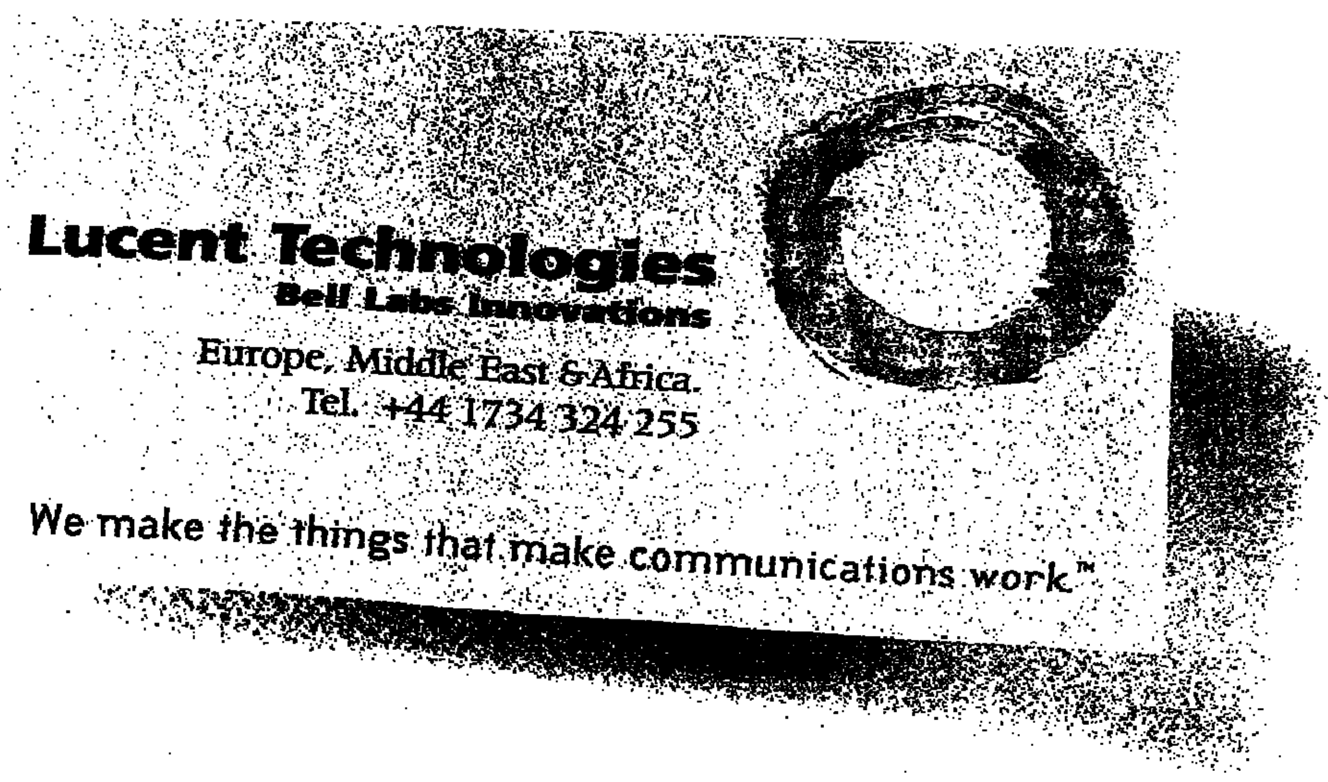


NEWS: INTERNATIONAL

Egypt set for 'home-grown' IMF deal

Sean Evers on the third phase of economic reform programme labelled 'Take off' by the PM

The International Monetary Fund will today launch the third phase of Egypt's economic liberalisation and structural adjustment programme, labelled "Take off" by the Egyptian prime minister.

Egypt and the IMF will sign a 24-month standby credit agreement in Washington that will help clear the way for international creditors to waive $4bn of Egypt's external debt.

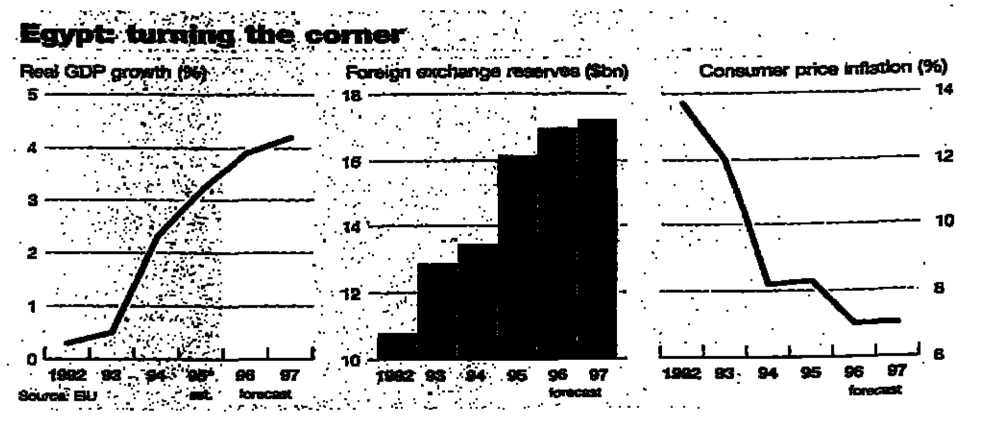
This follows the announcement yesterday of Egypt's first sovereign debt rating by Moody's. Although Egypt failed to achieve investment grade, the Ba2 risk rating will improve its access to international debt markets.

The grade places Egypt above other emerging markets such as Turkey, Brazil and Jordan, on a par with Mexico and Venezuela, and below Bahrain, Tunisia and Israel.

Analysts expect Egypt's rating to increase in six months after Moody's first review.

The IMF programme, which has been stalled for two years, involves "trade liberalisation, deregulation, strengthening and deepening of the financial system and the modernisation of the fiscal system". On October 1 the government removed the final barrier to the ratification of the agreement by implementing across-the-board tariff cuts of up to 25 per cent. The maximum tariff on goods other than luxuries was reduced from 70 per cent to 55 per cent.

Ratification of the agreement will pave the way for the Paris Club of creditors to write off a final $4bn tranche of sovereign debt



The agreement will provide precautionary standby credit, allowing the government to access SDR270m, the equivalent of about $400m.

But it is unlikely Egypt will need to draw on this amount because it does not have a balance of payments problem. The central bank holds a healthy cushion of about $18bn in foreign reserves, up from $4bn in 1991.

It is hoped that the IMF programme will increase Egypt's rate of investment to between 23 and 25 per cent of gross domestic product, from its current rate of 17 per cent, and the growth rate to between 7 and 8 per cent.

Estimates for GDP growth vary among economists. HSBC James Capel estimates that GDP growth has averaged 3.8 per cent a year since 1987. It is forecasting 5 per cent in 1996 and 6.5 per cent in 1997. The Economist Intelligence Unit, however, forecasts just more than 4 per cent for 1997.

The programme envisages a two-pronged policy attack to raise savings and increase the efficiency of the economy. The first is to ensure that Egypt's recent record of stabilising the main financial variables continues. The second is to implement a series of structural reforms. The package will include quarterly reviews.

Inflation has been brought down to less than 8 per cent this year from 19.7 per cent in 1991, and the budget deficit is down to about 1.2 per cent of GDP from double digit levels in the early 1990s. Since 1988, foreign debt has been reduced by 24 per cent to $33bn in 1994.

Ratification of the IMF agreement will pave the way for the Paris Club of creditors to write off a third and final tranche of sovereign debt worth about $4bn, agreed in principle after the 1990-91 Gulf crisis.

The second prong of the IMF agreement tackles Egypt's bloated public sector and attempts to streamline its obstructive bureaucracy.

Mr Arvind Subramanian, the IMF's representative in Egypt, said the aim of the structural reforms was "to raise the economy's competitiveness and make it a more investment friendly environment, particularly for foreign direct investment and technology".

The package sets out an ambitious privatisation timetable: 91 companies with a total value of E£15bn ($5.3bn).

It also includes further tariff reductions, beginning with another 15 per cent cut to the maximum rate. Egypt will implement a new investment law, which will bring together regulations pertaining to investment and incentives. Income tax rates will be cut in the hope of broadening the base of the tax system and steps will be taken to make it more transparent.

The IMF programme does not call for any price or tax increases, but it does require Cairo to reduce its more than 3m civil servants by 2 per cent.

Egypt has established a social fund for development to try to cushion the adverse consequences of the structural reform. Over the next three years it will provide up to $200m to severance and compensation packages, retraining and redeployment of personnel.

"It is a home-grown programme to address fundamental issues in Egypt," the IMF representative said.

Six go free in Malan murder trial

By Mark Ashurst in Durban

Six members of South Africa's Inkatha Freedom Party were yesterday acquitted of involvement in a 1987 political massacre allegedly orchestrated by General Magnus Malan, the former defence minister, who is accused of murder.

Judge Jan Hugo accepted that the murder of 13 blacks during an attack on a house in KwaMakutha, a township south of Durban, was the work of Inkatha hit squads trained at secret camps on Namibia's Caprivi Strip by members of the South African military.

"There can be little doubt that the deceased were gunned down by trainees of the Caprivi," he told the Supreme Court in Durban.

The verdict on Gen Malan and nine other co-defendants charged with murder and conspiracy to murder, is expected today. The nine include Mr M Z Khumalo, a senior Inkatha official and former assistant to Mr Mangosuthu Buthelezi, the Inkatha leader and minister of home affairs.

Gen Malan is the highest ranking white official to be charged with crimes allegedly sanctioned by the last National party led government.

At issue is the relationship between former ministers, the mainly Zulu Inkatha Freedom party and military operatives during the previous government's campaign against its political opponents.

The general, who worked closely with former state presidents P W Botha and F W de Klerk, has denied any knowledge of the attack on the KwaMakutha home of Mr Victor Ntuli, an active member of the then banned African National Congress.

The prosecution alleges that the 13 were shot dead when armed men bungled an attempt to assassinate Mr Ntuli, who was not at home when the attack took place.

But Judge Hugo ruled that evidence submitted by a key state witness, Mr Johan Opperman, was misleading. Mr Opperman, a former intelligence official, has admitted to planning the assassination attempt on Mr Ntuli.

"It is unlikely that (Opperman) would have been entrusted with an operation of this nature," said the judge.

He described Mr Opperman and two other defence witnesses as "self-confessed criminals who are trying to get some benefits by testifying.... The attack was definitely not an official planned or authorised military exercise".

Gen Malan arrives at court yesterday

Judge Hugo also criticised Mr Tim McNally, prosecutor for failing to corroborate witnesses' claims with police and other military officials. The prosecution had failed to prove that the six Inkatha officials were among those involved in the attack, he said. Mr Khumalo was also absolved of participating in the massacre, but still faces charges of conspiracy.

Today's verdict on Gen Malan will be closely watched by past and present members of the South African security forces under pressure to give evidence to the Truth and Reconciliation Commission. The Commission, chaired by Archbishop Desmond Tutu, can grant amnesty from prosecution to perpetrators of gross human rights abuses committed during the apartheid era. The amnesty ends after December.

Mr Satchie Govender, the commission's head of investigations in KwaZulu Natal, said a conviction would "flush out" perpetrators of other crimes who could be encouraged to remain silent if Gen Malan were acquitted. The continuing trial of Col Eugen de Kock, the former commander of a special forces unit, had "an important impact within the ranks of military intelligence and brought forward a lot of people."

Peace - and tomatoes - wither on Gaza vine

Security closures have wrecked plans of those who gambled on better times, writes **Judy Dempsey**

Said Khadar and Khalid al-Atar thought they had it all worked out when they decided a year ago to build a tomato greenhouse and cultivate carnations on a small plot of land overlooking the Mediterranean in Gaza.

The two men, both in their mid-twenties, pooled their savings, bought 1,000 tomato plants and ploughed half a hectare of land for the carnations. "We were all set. We were going to sell the tomatoes in Israel and ship the carnations to Europe," said Mr al-Atar, father of three.

But then came the closures and, with them, the collapse of all their plans.

The closures were imposed for security reasons on the Palestinian self-ruled territories of the West Bank and Gaza earlier this year by Mr Shimon Peres, then prime minister, in response to a wave of suicide bombings of Israeli citizens.

Until then, about 65,000 Palestinians from the territories had been working in Israel, almost half the number before the 1987 revolt. Mr Peres cut the number of Palestinian work permits to about 35,000, fuelling resentment among young Palestinians, while Israeli companies relied increasingly on workers from Romania, Bulgaria and China.

That policy was continued by Mr Benjamin Netanyahu, Israel's new prime minister. Plans to raise the number to 50,000 last month were scuppered by the recent violence between Israeli and Palestinian forces. The government tightened up the closures again, locking workers into the territories.

The closures have had another dimension as well. Business between Israeli and Palestinian companies came to a virtual halt as the free movement of goods in and out of Gaza and the West Bank was banned.

Israel's export-driven textile companies, which use low-cost Palestinian labour to sew their garments, could not move their goods without special permission. The Palestinian Authority, for its part, was starved of tax revenue to narrow the budget deficit of $127m. Mr Samir Huleileh, its deputy under-secretary of trade, said last week the closures were costing the West Bank and Gaza about $10m a day in lost revenues, while Palestinian economists warned that unemployment levels, estimated to be 13 per cent in the West Bank and 31 per cent in Gaza, could rise.

Under pressure from the US and the European Union, the Israeli government yesterday announced it would allow 35,000 Palestinians from the West Bank and Gaza to take up work again in Israel from Sunday. Trade crossings between Israel and Karni and Sufa in Gaza would be reopened. But for Mr Khadar and Mr al-Atar, that might be too late to save them from bankruptcy.

Since the Israeli market remains closed to them, they have had to sell their tomatoes on an already saturated local market. Prices have plummeted. "When the borders were open, we were selling a box of tomatoes for 70 shekels," said Mr Khadar. "Today, if we are lucky, we get about 20 shekels [$6]."

As for the carnations, Mr Khadar said he was still trying to maintain contacts with his Israeli trading partner. "We used to have an Israeli agent. He would take our flowers. Pack them. Write Hebrew on the cartons. Say they were made in Israel and export them for us. He took a cut. He found markets. We got paid."

Neither man has any idea when anything like normal economic and trade links with Israel will be restored. "We just want to get on with business," said Mr al-Atar. They will have a new crop of carnations ready for picking in four weeks' time. "Don't ask me what will happen to them."

US proposes peace force for Africa

By Michela Wrong in Arusha, Tanzania

A US proposal to set up a 10,000-strong force to protect civilians caught in Africa's conflict zones is winning cautious support as Mr Warren Christopher, the secretary of state, undertakes his first tour of the continent.

In Addis Ababa – the second stop on a trip to Mali, Ethiopia, Tanzania, South Africa and Angola – the Organisation of African Unity yesterday welcomed the idea but called for details.

"Anything that enhances Africa's capacity is welcome, but it needs further consultations," said Mr Salim Ahmed Salim, OAU secretary-general, after Mr Christopher had presented his plan for a force made up of African troops but under United Nations control.

US officials travelling with Mr Christopher, the first secretary of state to visit the region in a decade, said five African nations had agreed in principle to supply troops. Belgium, Britain, Canada and Ireland were promising funding and training.

The idea of an all-Africa force that would set up humanitarian safe zones, shunning actual combat, was floated in Washington shortly before Mr Christopher's departure. The US is offering to pay half the $25m-$40m cost and wants European allies or the UN – both far cooler to the idea – to make up the shortfall.

The initiative breathes new life into plans for an East African force to halt the bloodletting in Burundi, a scheme that collapsed earlier this year when the Tutsi-dominated army and the Hutu rebels both rejected intervention.

The presidents of Kenya, Uganda and Tanzania, who slapped economic sanctions on Burundi when the military proposal fell apart, are expected to back the new formula when they meet Mr Christopher in the Tanzanian town of Arusha today.

But while many African states appear enthusiastic, sceptics have criticised both the initiative and Mr Christopher's trip as little more than an election gimmick by the Clinton administration.

Many regard the idea of a "remote control" African force, a sharp contrast to the days when the US risked its own troops in danger spots such as Somalia, as a measure of the west's increasing indifference to Africa.

Mr Jacques Godfrain, France's co-operation minister, has poured scorn on the sudden American interest in the continent, saying it sits curiously with Washington's decision to slash its Third World aid budget.

President Nelson Mandela of South Africa, due to discuss the idea with Mr Christopher in Cape Town on Saturday, also has his doubts. "Africa would like to feel they are handling things themselves.... rather than acting in response to suggestions that come from outside the continent," he said.

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IN BRIEF

Stet joins forces with Bouygues

Stet, the Italian group which holds a majority stake in Telecom Italia, is joining forces with Bouygues, the French mobile phone operator, to challenge for a significant share of the French market. The two operators are establishing a new company, as yet unnamed, in which Bouygues, which operates the third mobile licence to be awarded in France, will hold 51 per cent while Stet will hold 49 per cent. Page 16

Summer trading lull hits JP Morgan
J. P. Morgan followed the pattern set by US investment banks in the third quarter when it reported earnings lower than those of an exceptionally strong second quarter, as a result of weaker markets in the summer. Page 18

Amer tumbles into the red
Falling sales of golf, baseball and ski equipment combined to deepen the gloom at Amer, the Finnish sporting goods group, as it slumped from a pre-tax profit of FM36m in the same period last year to a loss of FM206m ($45.12m). Page 16

Ayala forms group for Manila water sale
Ayala Corp, the Philippines' largest diversified holding company, said it had formed a consortium with Bechtel Enterprises of the US and North West Water of the UK to bid in the privatisation of Manila's water system. Page 17

Dilution threat to Eurotunnel investors
Shareholders in Eurotunnel could end up holding less than a quarter of the equity in the company under the complex financial restructuring plans announced on Monday, rather than about a third as was previously thought. The Channel tunnel operator, which this week unveiled the fruit of nearly a year of negotiations with its banks on £9.1bn ($14bn) of debt, announced an initial dilution of shareholders' interests to 54.5 per cent. Page 20; Secondary debt markets, Page 20

Moscow heads back to heights
Russian equities have been heading back towards their all-time highs as a number of factors brought foreign investors back into the fold. The Moscow Times index rose 2.05 to 321.63. Page 34

Companies in this issue

Market Statistics http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)			
Falls			
LW	91.0	−	3.5
EA Prf	520.0	−	8.5
ali & Salz	162.0	−	5.5
arstadt	525.5	−	12.5
WA	222.0	−	11.5
AP AG	283.0	−	4.2
NEW YORK ($)			
Rises			
AP	28⅝	+	2
raco	20⅞	+	2⅛
Falls			
oore	10⅛	−	1⅞
gicon	39	−	3⅜
ossimo	23½	−	2⅞
akley	39	−	6⅛
LONDON (Pence)			
Rises			
radley	60½	+	12½
hoto Me	120	+	11
Falls			
ntry Casuals	116½	−	20
KX Oil & Gas	145	−	12½
elsey Inds	355	−	105
nited Inds	53½	−	6
TORONTO (C$)			
Rises			
ncorola	19.5	+	1.5
olden Star	26.0	+	1.8
ingsway Fin	25.5	+	1.75
Falls			
na Appliance	10.6	−	1.5
lytec Tech	8.9	−	0.7
Spectrum Signal	9.2	−	0.8
PARIS (FFr)			
Rises			
Interbail	214.5	+	4.5
Falls			
Bertrand Faure	179.0	−	6.1
Damart	4150	−	110
Fonc Lyonnaise	531	−	14
Legrand	853	−	20
Rhone Poulenc A	140.1	−	4.3
HONG KONG (HK$)			
Rises			
Dah Hwa Intl	4.20	+	0.30
Jusco Stores	2.425	+	0.375
Lai Sun Dev	9.25	+	0.40
Falls			
Easyknit Intl	2.675	−	0.15
Golden Harvest	2.075	−	0.175
Guangdong Inv	5.60	−	0.212
BANGKOK (Baht)			
Rises			
Inoue Rubber	48.00	+	4.00
Rattana Real	16.00	+	7.20
S.Khonkaen Fd	73.00	+	5.50
Thai Telephone	40.00	+	2.75
Falls			
Dhana Siam	84.00	−	9.00
Phatra Than.	91.00	−	8.00

New York & Toronto prices at 12.30. Tokyo closed.

Hopewell upbeat after Cepa sale

By John Ridding in Hong Kong

Hopewell Holdings, Mr Gordon Wu's infrastructure and property group, yesterday announced a sharp fall in annual profits, but claimed it would emerge stronger from the sale of a controlling stake in its power division to Southern Company, of the US.

The net result plunged from HK$2.1bn in the year to June 1995 to HK$769m (US$99.5m) this year, while total debts climbed to HK$28bn. Consolidated Electric Power Asia, the power business being sold under this week's deal with Southern Company, saw net profits rise from HK$565m to HK$637m.

Referring to proceeds of HK$10bn-HK$12bn from the sale, Mr Wu said the deal with Southern would strengthen Hopewell's capital base and allow it to focus on infrastructure projects.

These projects, including a rail scheme in Bangkok and highways in southern China, have resulted in a net debt-to-equity ratio of more than 92 per cent. Hopewell said it had not yet decided how to split the Cepa proceeds between debt repayment and funding for ongoing projects. However, it noted that gearing would be reduced to 23 per cent following the sale.

The reduction of Hopewell's stake in Cepa from 60 per cent to between 12 and 30 per cent, depending on shareholders' acceptance of alternative offers from Southern, has raised questions about Hopewell's future earnings. These questions were compounded by the contrasting results from Hopewell and Cepa.

However, Mr Lawrence Miao, executive director of Hopewell, said the company's remaining stake in Cepa would benefit from the new alliance.

The downturn in Hopewell's results was exaggerated by exceptional gains of more than HK$1.5bn in the year to the end of June 1995, from the disposal of property projects and a stake in the company's southern China toll-road operation. An exceptional gain of HK$223m this time came from the sale of electricity generated by a Chinese power plant completed ahead of schedule.

Earnings per share fell from 48 cents to 18 cents, while the final dividend was cut from 10 cents to 3 cents. Combined with a similar cut in the interim dividend, this reduced the total payout from 20 cents to 6 cents.

At Cepa, the 13 per cent rise in net profits reflected the strength of its operations in China and the Philippines, according to Mr Holden Lee, executive director.

A rise in the number of Cepa shares in issue meant that earnings per share slipped from 55.8 cents to 52.1 cents. The final dividend, however, was raised from 9 cents to 15 cents, giving a total of 21 cents, against 15 cents.

Lex, Page 14
Chief loses power, Page 17

German group sells TI stake

By Michael Lindemann in Munich and Tim Burt in London

Mannesmann, the German industrial conglomerate, yesterday raised DM530m ($358m) through the sale of its 8.9 per cent stake in TI Group, the UK engineering company, and said it would invest the cash in its fast-growing telecoms activities.

The Düsseldorf-based group has undergone extensive restructuring in recent years to focus a once unwieldy conglomerate on activities in engineering, automotive components and especially telecoms.

Mannesmann first acquired a 5 per cent stake in TI in 1989 following the UK group's acquisition of Mannesmann Bundy, the German fluid-systems business. TI yesterday described the stake as part of an informal alliance with Mannesmann, which offered it access to the German market.

Mr Joachim Funk, Mannesmann chief executive, said that the sale did not represent a disagreement with TI. "Mannesmann's decision to dispose of its holding in TI Group was based wholly on factors unconnected with TI, where our investment has been extremely satisfactory."

The 8.9 per cent stake – equivalent to 42.1m ordinary shares – was placed in the London market by UBS, Cazenove & Co and SBC Warburg Securities, priced at 532p a share. Industry analysts in London calculated that the group sold the shares for about £220m ($343.2m), realising a profit of about £140m on its original investment.

Joachim Funk: sale did not represent a fall-out with TI

TI denied it was disappointed by Mannesmann's decision to sell, and said that both companies would continue to pursue collaboration opportunities.

"The Mannesmann relationship has been very helpful to TI over the past seven years, particularly in developing our activities in Germany," said Sir Christopher Lewinton, TI chairman. Although TI shares fell 8p at 556½p, the company said the success of the placing reflected the City of London's confidence in its trading prospects.

Mannesmann, meanwhile, said it was planning further investment in several recently purchased telecommunications businesses.

The decision to increase spending was influenced in part by the recent strong profits growth at D2, the German group's mobile phone network.

Mannesmann earlier this yeat spent about DM1bn for a 49.8 per cent stake in DBKom, the telecoms network operated by the Deutsche Bahn railway system.

Last month Mannesmann took a 10 per cent stake in Cegetel, a new telecoms alliance between British Telecommunications and Compagnie Générale des Eaux, of France.

Picture: AP

Soya stand: Greenpeace activists at the German headquarters of Unilever, the Anglo-Dutch consumer products group, protesting yesterday against the planned import of genetically manipulated soya products from the US. The products, cleared by the EU for import later this year, have been adapted for tolerance to weed killers. The campaign has helped provide rape oil with a premium over soya oil in Rotterdam as traders favoured rape products to avoid any impact from the political row

Monsanto looks to shed chemicals

By Laurie Morse in Chicago

Monsanto, the US biotechnology company, said yesterday it wanted to spin off or sell its specialty chemicals business, and combine its remaining units into a high-technology company focusing on life sciences products.

The move would effectively split the company in two, since chemicals accounted for about 41 per cent of Monsanto's net sales last year, and about one-third of its operating income. The goal, company executives said, was to produce two companies that could be fairly valued for their potential growth.

"In recent years, the strategies and needs of the chemical and life sciences businesses have become quite different," said Mr Robert Shapiro, chairman. Wall Street welcomed the news, with the shares rising to a new high of $42⅝ before edging back to $41⅞ at lunchtime, still up $1¼ on the day.

If a suitor does not emerge, or a spin-off proves unpractical, Monsanto said it would keep the chemical businesses and restructure it.

Monsanto posted record profits in all of its businesses last year, earning $739m on sales of $8.6bn. Its shares have risen 75 per cent since January.

However, executives are concerned that the stock market hasn't yet given the company full credit for the nearly $1bn in biotechnology research it has undertaken during the last decade. Much of that has been funnelled into genetic engineering to develop strains of soyabeans, corn, cotton, and potatoes, for example, that can withstand strong herbicides and are insect-resistant.

That technology has not yet generated a profit. However, Mr Hendrik Verfaillie, executive vice-president in charge of agricultural products, projects annual sales of such products at $6bn within five years.

As a life sciences company, Monsanto would retain its most profitable product – a broad-spectrum herbicide branded Roundup. It would also keep its agricultural bio-engineering division; pharmaceutical unit Searle; and its food ingredients business, which includes artificial sweeteners NutraSweet, Equal, and Canderel.

Monsanto declined to put a value on its chemicals division, though one analyst said it could sell for $3bn.

Microsoft steps up Internet wars with new service

By Louise Kehoe in San Francisco

Microsoft yesterday announced a new Internet-based version of its Microsoft Network online information and entertainment services. It poses a competitive challenge to established online services as well as to Internet software and service providers.

MSN would make the Internet easier for users to find information as well as providing a broad range of original content, Microsoft said.

"Our goal with the new Microsoft Network is to . . . combine a lot of essential services, original entertainment and new information in one place and making the rest of the Internet easier to approach and enjoy," said Mr Pete Higgins, Microsoft group vice-president.

Microsoft first launched MSN a year ago as a proprietary online service to compete with America Online, Prodigy and CompuServe. However, with the explosive growth of the Internet, Microsoft changed its plans and has now reconfigured MSN as a subscription service on the World Wide Web.

MSN, which has attracted 1.6m subscribers, now poses a renewed threat to established online services which have similarly recast themselves with links to the Internet. In particular, it is seen as a challenge to America Online, the leading online service, which has 6.5m subscribers.

The re-launch of MSN also steps up competitive pressure on Internet service providers such as Netcom Communications by providing users with a simpler way to access the Internet.

Netscape Communications, the leading supplier of Internet browser software, is also targeted by Microsoft's new service.

MSN users will need a new "program viewer," based on Microsoft's Internet Explorer program, which competes directly with Netscape's Navigator browser.

The program viewer is an essential part of MSN. It will direct users to four groups of services: OnStage, with news and entertainment aimed at various interest groups including teenagers and young adults; Communicate, with e-mail and online discussion groups; Find, to search the Internet; and Essentials, for shopping, investment and financial services, reference and education.

MSN would be available in November, the company said. Some features of the network will be available free to all Internet users.

Prices for subscription services will range from $6.95 a month for five hours of use to $19.95 a month for unlimited use.

Among the services available from MSN will be Microsoft Investor 2.0, aimed at personal investors.

The service will offer up-to-date stock prices, chart the performance of stocks and mutual funds, access business news and enable users to buy and sell stocks and funds via Charles Schwab and Fidelity Investments.

NatWest buys Magan boutique

By Nicholas Denton

NatWest Markets, of the UK, filled the last important gap in its investment banking strategy yesterday by buying Hambro Magan, the merchant banking "boutique", and bringing on board Mr George Magan, one of London's leading corporate financiers.

The National Westminster Bank subsidiary would not disclose the price paid for Hambro Magan, but it is believed that the small merchant bank – which last year made £12m ($18.72m) in revenues – was offered to other investment banks for a package in excess of £100m.

Under the terms of the deal, Mr Magan, his closest colleagues from Hambro Magan and a select few executives from NatWest Markets, are expected to share in a special bonus pool which will receive about a third of the profits of the fused corporate finance business.

Mr Magan, who left Morgan Grenfell to set up Hambro Magan in 1988, said that he and others would be constrained by "golden handcuffs". He will have to wait three years to cash in all the consideration he receives.

Mr Magan will become chairman of NatWest Markets' European corporate finance business, and his colleague Mr Alton Irby will be deputy chairman. Two other Hambro Magan executives will sit on the division's operating committee, alongside NatWest Markets executives Mr David Barclay and Mr Nicholas Fry.

Mr Rupert Hambro, the former chairman of Hambros, with whom Mr Magan set up the venture, will receive an undisclosed price, deferred over several years and dependent on the performance of the business.

Since 1988, when Hambro Magan was set up as the UK counterpart to the Wall Street boutiques which were then springing up, the firm has been involved in some of the largest UK corporate deals.

But Mr Magan said a corporate finance business had to be large to work on the increasingly important international deals and to win the lucrative work in financing transactions. "We feel it would be much better to be part of a machine that captures that value," he said.

Stet joins Bouygues in French telecoms move

By Alan Cane in London, David Owen in Paris and Robert Graham in Milan

Stet, the Italian group which holds a majority stake in Telecom Italia, is joining forces with Bouygues, the French construction group and mobile phone operator, to challenge for a significant share of the French market.

The two operators are establishing a new company, as yet unnamed, in which Bouygues, which operates the third mobile licence to be awarded in France, will hold 51 per cent while Stet will hold 49 per cent.

The new venture is expected to join Veba, the German conglomerate, in a bid to form an alliance with the French national railways to take advantage of SNCF's telecoms network.

The aim is to challenge France Télécom in fixed wire, mobile, voice and data services. Stet will take a 19.6 per cent stake in Bouygues Decaux Telecom, which holds a 51 per cent stake in Bouygues Télécom for FFr1.7bn ($330m), through a capital increase.

This implies a market value of £2.1bn ($3.28bn) for Bouygues, in which Cable and Wireless of the UK holds a 20 per cent stake.

C&W said yesterday that it had decided against participation in the bid to form an alliance with SNCF on the grounds that there were better opportunities elsewhere.

The new venture is Stet's first large investment in the European market and represents a significant change of direction for the group. Telecom Italia's principal overseas operations are in the UK, Brazil, Argentina, Chile and the Russian Federation.

The Italian state-controlled group has been vainly seeking a large international alliance for two years, especially in Europe. Without such an alliance, it recognised it risked being vulnerable ahead of the liberalisation of the EU telecoms market on January 1 1998.

Although Stet was clearly pleased last night with its new French partner, this does not conceal the fact that the alliance is with a relative novice in the field – albeit with ambitions to carve a significant presence.

Stet is due to be privatised early in 1997 between the sell-off of Deutsche Telekom and France Télécom. However, the timetable has not been formalised and could slip to later in the year.

The French market, the second largest in Europe, has proved particularly difficult for overseas operators to break into. Late last month, British Telecommunications announced a strategic alliance with the French utility Compagnie Général des Eaux aimed at becoming the chief competitor to France Télécom.

There has been a spate of alliances and joint ventures across Europe as national operators prepare to defend their territory and expand abroad to take advantage of the opening up of Europe's telecoms markets.

Falling sales drag Amer into heavy loss

By Hugh Carnegy in Stockholm

Falling sales of golf, baseball and ski equipment combined to deepen the gloom at Amer, the troubled Finnish sporting goods group, yesterday as it reported a slide into heavy losses in the first eight months of the year.

Amer, which owns leading global brands including Wilson tennis racquets, MacGregor golf clubs and Atomic skis, said it had slumped from a pre-tax profit of FM36m in the same period last year to a loss of FM206m ($45.12m).

There was little sign of a turnround in the second four months, although losses during the period were less than the FM116m loss in the first four months. Amer repeated an earlier warning of a full-year loss to follow last year's pre-tax surplus of FM140m.

The group's shares fell sharply on the news, closing down FM5.30 at FM101.

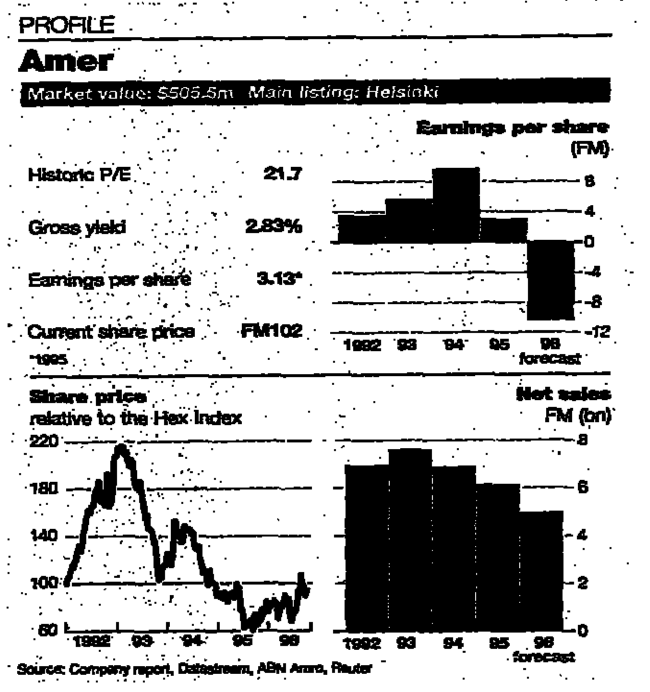
However, the shares remain well above a low of less than FM70, hit in June. They have been buoyed by restructuring moves made by Mr Roger Talermo, the chief executive appointed in May. He has taken control of Chicago-based Wilson Sporting Goods, the biggest division, and aims to break even next year.

But the performance in the first eight months underlines the problems facing Amer. Although the 24 per cent fall in group sales to FM3.2bn was exaggerated by disposals and currency factors, sales were hit in all the main divisions.

Turnover at Wilson rose 2 per cent to FM1.9bn because of an upturn in tennis equipment demand – but were held back by a 7 per cent fall in high-season sales of baseball equipment and lower golf sales. Amer did not give details of divisional profits, but said Wilson would be "clearly unprofitable" over the full year.

Similarly, Atomic, the Austria-based ski maker, was hit by continued falling demand in Japan, the world's biggest alpine ski equipment market, and delays in the production of a new product. Sales fell 10 per cent to FM374m. Meanwhile sales at MacGregor Golf slipped 6 per cent to FM151m.

To compound Amer's problems, there was also a reverse in its tobacco operations. Originally founded to produce American-style cigarettes for the Finnish market, Amer has a licence for Philip Morris products. But tobacco sales fell 10 per cent in the first eight months to FM256m and Amer said profitability had declined "markedly".



France Télécom stake valued at FFr20bn

By David Owen in Paris

The planned float of a 20 per cent stake in France Télécom, the world's fourth-biggest telecoms operator, looks likely to be worth at least FFr20bn ($3.87bn), ranking it among the largest European share offerings.

The figure is based on the lowest current bank valuations of the company, which value it at about FFr100bn. The highest assessments put France Télécom's value at some FFr200bn, which suggests that the initial offering may be worth as much as FFr40bn.

Mr François Fillon, telecoms minister, confirmed earlier this week that the first public offering of the shares would comprise "about 20 per cent" of the group's capital. He said the sale was expected in the second half of April.

The government has promised to retain a 51 per cent stake in the group – which is due to be incorporated on January 1 1997 – with a maximum further 10 per cent reserved for employees. A cross-shareholding with Deutsche Telekom, Europe's largest telecoms company, is also being considered.

A research paper published in June by BZW, the investment arm of Barclays Bank, used a variety of approaches to value the company, but pitched its central valuation at FFr147bn. It said this was based on projected group earnings growth of 10.7 per cent a year over the next five years.

One reason why there is such a wide range of valuations is that details of interconnection charges for new operators when the French telecoms market is opened to competition in 1998 have yet to be agreed.

Separately, France Télécom said yesterday that it expected the forthcoming change in French telephone numbers to cost it about FFr5bn.

Mr Jean-Pierre Poitevin, deputy networks director, said direct costs – such as the accompanying promotional campaign and the cost of France Télécom personnel employed on the project – would account for about FFr2bn of this figure. The remaining FFr3bn resulted from the need to replace a number of large exchanges before the end of their useful lives.

The change, which is scheduled to take effect on October 18 at 11pm, will result in all fixed French telephone numbers having ten digits, including one of five two-digit regional codes. Mr Poitevin said that the present system was nearing saturation point in certain regions.

Aker names new chief as profits decline 60%

By Greg McIvor in Stockholm

Aker, the Norwegian group which last week announced a merger with RGI to form one of the country's biggest industrial groups, yesterday named Mr Bjorn Rune Gjelsten, RGI's co-founder, as its new chief executive.

Mr Gjelsten replaces Mr Tom Ruud, who was forced to resign earlier this year in a disagreement over strategy. Aker said Mr Gjelsten was stepping down as its chairman, a post he had held since April. A new chairman would be appointed by the end of the year.

The appointment of Mr Gjelsten confirms the powerful influence wielded by Mr Kjell Inge Rokke, RGI's co-founder and main shareholder, who will hold a 33 per cent stake in Aker RGI. The merged company will have a variety of interests, including offshore engineering, cement, shipbuilding, fishing, fish processing and sportswear.

Aker yesterday reported a 60 per cent slump in eight-month pre-tax profits, from NKr538m to NKr216m ($33.2m). A decline had been expected, but the fall exceeded the average of analysts' predictions. Aker's A-shares fell initially but rebounded in later trading to close up NKr2 at NKr132.

Group turnover rose from NKr5.37bn to NKr5.55bn but earnings per share dropped from NKr8.19 to NKr3.48. Earnings included gains of NKr100m from fixed-asset sales and a charge of nearly NKr100m, resulting from settlement of a legal suit regarding the Sleipner A platform, which sank during construction in 1995.

The company blamed the reverse on a marked downturn in its contractor division, which supplies concrete substructures to the offshore industry. Its operating profits fell from NKr205m to NKr2m.

Aker said the unit had a particularly good year in 1995 owing to the completion of two large orders, but it was now being disbanded because of a shift in demand towards floating rather than fixed production platforms.

Operating profits from Aker's oil and gas technology operations, its largest business area, advanced from NKr92m to NKr133m on sales of NKr5.2bn, against NKr3.8bn.

Aker said it expected a planned merger with Maritime Group, a Norwegian affiliate, to be completed by December, and predicted full-year profits in the division would exceed last year's.

Aker estimated its share of net profits at Scancem, the Nordic cement and building materials company it part-owns, rose from NKr155m to NKr190m, despite a poor start to the year.

Chemapol plans issue of GDRs next year

By Peter Bennett

Chemapol, the Czech chemicals group, is now planning to issue GDRs early next year, after twice postponing the sale, according to the trade journal European Chemical News.

Chemapol will launch the issue on the back of a $250m, 18-month, spending spree that has transformed it from a monopolistic trading company into the Czech Republic's second-largest industrial concern. Its annual turnover is $1.8bn, although analysts say that is exaggerated by intra-group trading.

The company said the delays in issuing GDRs were because it wanted to give more time for domestic buyers to get shares. However, analysts have expressed doubts about the viability of the companies Chemapol has bought.

Since the beginning of 1995, it has bought controlling stakes in the Czech Republic's largest and second-largest chemical firms, Spolana and Synthesia, as well as buying shares in IPB Bank, arms trader Omnipol and a hotel chain.

Dr Jan Vaneous, president of the PlanEcon agency in Washington, says a complex financial structure means Chemapol faces an uphill struggle to place GDRs.

"Chemapol is buying all over the place and turning itself into a conglomerate," he says. "No company [in eastern Europe] that styles itself as this has ever had a successful placing before."

However, Mr Rob Wooldridge, senior banker at HSBC, defended Chemapol's decision to postpone, saying the acquisition trail of the past year or so meant the company needed more time to absorb the new businesses into its balance sheet.

Mr Vaclav Junek, Chemapol chief executive, said the diversification of the company was due to the small size of the chemical market in the Czech Republic.

The issue is being handled by Expandia Finance, one of Chemapol's daughter companies, and HSBC in London.

EUROPEAN NEWS DIGEST

BT-Viag to go ahead with bid

The telecoms alliance between British Telecommunications and Viag, the German industrial conglomerate, is to go ahead with a bid for Germany's fourth mobile phone licence next week, in spite of the withdrawal of RWE, one of Germany's biggest companies, from a three-way alliance.

Mr Georg Obermeier, chief executive, said the licence would be used to spearhead an attack on Germany's telecoms market, Europe's biggest. However, his comments failed to halt the slide in Viag's shares, closed at DM574.20, down DM6.80.

The two partners will now invest DM4bn ($2.61bn) over the next five years.

According to Mr Maximilian Ardelt, head of Viag's telecoms activities, mobile phones are relatively under-used in Germany because prices remain high. Viag would offer the first service which could be used by fixed and mobile users. He forecast that the BT/Viag mobile operations would break even on sales of DM2bn after five years and that sales would rise to DM5.5bn in 2008.

Viag will hold a "slight majority" in the company seeking the mobile phone licence. However, a 10 per cent stake in the Viag/BT alliance was available for other partners, especially those who would distribute telecoms services in Germany.

Mr Obermeier added, however, that the two partners would think very carefully about taking on another newcomer, following the debacle with RWE.

Meanwhile, Veba, the industrial conglomerate which lured RWE away from BT and Viag, said that it would bring DM400m of cash into its new alliance with RWE. The cash comes on top of the telecoms assets in Vebacom, its joint venture with Cable and Wireless, which are valued at DM4.8bn. As part of the deal between the three new partners, C&W stands to receive about DM450m in cash because its stake in the new venture is smaller than its present stake in Vebacom.

Michael Lindemann, Munich

Novo Nordisk to shed staff

Novo Nordisk, the pharmaceuticals and industrial enzymes group, plans to implement a programme for improving work processes in its staff and service areas which will reduce costs by about DKr400m ($68.3m) a year from next year. Novo Nordisk's share price rose 2.25 per cent, or DKr21, to DKr954 following the announcement.

Work on the staff efficiency programme started last winter and was mentioned in the annual report, but yesterday was the first time the company has spelled out the project in more detail and put a figure on the cost savings. The cost savings will not be fully passed on in profits. Some will be used for strengthening research and development activities, as well as sales and marketing in key growth markets, including East and Central Europe and Asia, the group said.

Savings of DKr400m is equal to about 9 per cent of staff costs, but the programme will mean a reduction in jobs of only about 300, which is only just over 2 per cent of total group employment.

Hilary Barnes, Copenhagen

Porsche profits rise

Porsche, the German manufacturer of luxury sports cars, shrugged off its financial problems yesterday with the announcement of a unexpectedly sharp rise in profits which could lead to resumed dividend payments. Net profits for the financial year to July 31 1996 totalled DM40m-DM50m ($26m-$32m) after reaching DM10.3m in the first half. In 1994-95, net profits were DM2.1m.

The preference shares gained DM8 to DM1,083 and picked up a further DM6 in after-hours electronic dealings. Turnover rose from DM2.6bn to DM2.8bn for the full year. Porsche said the supervisory board would discuss the possibility of paying dividends for the first time since 1992 at its next meeting on November 6, when final profits will also be released.

The company said the improvement reflected continued efforts to improve efficiency and high worldwide demand for all versions of its classic 911 model.

Andrew Fisher, Frankfurt

BG Bank, Topdanmark in talks

BG Bank, the third-ranking Danish bank, and insurance company Topdanmark have begun negotiations for transferring the ownership of trade credit insurance company Topdanmark Garanti to BG Bank. Topdanmark Garanti has premium income of DKr36m ($6.1m) and equity capital of DKr99m. The companies said the transfer would expand the range of products which the bank can offer business customers while enabling Topdanmark to concentrate on general insurance, life assurance and pension funds. They are closely allied with each other and the mortgage credit company Nykredit through reciprocal shareholdings.

Hilary Barnes, Copenhagen

Strong demand for Scor shares

UAP, the French insurance group, yesterday sold a higher than expected number of its shares in Scor, the reinsurer being introduced to the New York stock exchange, in the face of substantial investor demand. The group raised its initial offer of 7m shares to 8m, with an additional option by underwriters to purchase up to 1.2m more, and set an offer price of FFr197 each. The shares rose $1⅛ to $39⅝ on Wall Street in early trading.

The transaction generated FFr1.4bn ($271m) for UAP, which will be reflected in the group's second-half results for the year. The sale was part of its strategy to refocus operations and reduce debt. UAP stressed that it would be holding on to its remaining 9.8 per cent stake in Scor – as well as a further 2 per cent of bonds convertible into equity – as a long-term investment.

The New York listing, arranged in co-ordination with UAP, reflected Scor's desire to increase its international profile, diversify its shareholder base and be quoted like with its reinsurance competitors on the US market.

Andrew Jack, Paris

Comments and press releases about international companies coverage can be sent by e-mail to international.companies@ft.com.

La Générale sells Elf holding for FFr7bn

By Neil Buckley in Brussels and Andrew Jack in Paris

Société Générale de Belgique, the country's biggest holding company, has sold 80 per cent of its holding in Elf Aquitaine, the French oil group, for BFr7bn ($222m) to a single, unidentified financial institution.

The group refused to name the buyer yesterday, but said it was an existing Elf shareholder which had exercised rights of first refusal following La Générale's decision to sell the 2.88m Elf shares.

Elf was previously La Générale's sixth-biggest investment, accounting for 3.2 per cent of its portfolio, but was an unconsolidated asset which was not considered strategic. Viscount Etienne Davignon, La Générale chairman, indicated in April that the group might sell its Elf stake.

The group plans to sell the remaining 20 per cent of its holding by the end of 1996.

"This was a good opportunity to realise our investment," La Générale said. "The conditions were good."

The group insisted the sale had not been forced by the need to raise cash following its recent BFr49bn purchase of a further 25 per cent of Tractebel, the energy and engineering group that is its biggest investment. That took La Générale's stake in Tractebel from 40 to 65 per cent.

La Générale is currently offering to buy further Tractebel shares from small shareholders for the same BFr14,500 a share price it paid for its recent acquisition. But it insisted last month that it had a total of BFr80bn at its disposal to fund the combined purchases.

The group also said yesterday the Elf sale was unconnected with the French group's move this week to sell its 2.9 per cent stake in France's Compagnie de Suez – which in turn owns 63.6 per cent of La Générale – to Groupe Bruxelles Lambert, Belgium's second-biggest holding company.

However, a senior Suez executive said yesterday that the sale was a logical unwinding of the cross-shareholding that had existed with Elf, and that the cash generated would help fund the Tractebel purchase.

The decision also reflects the strategy of the parent Suez group to concentrate on utilities and financial services, its two principal activities.

Barnevik puts ABB colleagues under spotlight

Percy Barnevik's decision to relinquish day-to-day-control of ABB, the Swiss-Swedish engineering group, is the culmination of eight years' work.

The move shows Mr Barnevik is confident the group he formed out of the 1988 merger of Sweden's Asea and Brown Boveri of Switzerland will prosper even without his hands-on leadership. Mr Barnevik, chairman and chief executive officer, has often asserted that his personal role in holding together his far-flung company is exaggerated. His faith in his colleagues will now be put to the test.

Mr Barnevik plans, from January 1, to pass the job of chief executive officer to Mr Göran Lindahl, his 51-year-old hand-picked successor. Mr Barnevik plans to remain chairman of the group's board, which is responsible for approving major decisions. He will no longer sit on the executive committee, the central decision-making body.

Yesterday's announcement was foreshadowed this year when Mr Barnevik took on the extra post of chairman in a top management restructuring, but signalled his intention to appoint a chief executive.

The charismatic Mr Barnevik, who is 55, intends to spend more time as an international business leader, a role in which he has already had some success, particularly in developing ties with the European Commission and governments in eastern Europe, notably Russia. But even though the ABB board meets only six times a year, he will still spend plenty of time at the company and keep an office at ABB's Zurich headquarters. He seems certain to retain great influence, if only by sheer force of personality.

Mr Barnevik yesterday said he intended to be an "active" chairman, engaged in strategic issues and external relations for ABB. But he was at pains to play down any impression of ABB as a company dependent on his highly intensive and public leadership.

"We are much less of a one-man show than many other companies," he said. "The top man is not alone – we are a group leadership. There are lots of 'drivers' in ABB who are not in the spotlight."

There was no disguising the difference both in style and substance between the out-going Mr Barnevik and the reserved Mr Lindahl. Whereas Mr Barnevik, an economist by training, was a top Swedish business leader by his mid-30s, Mr Lindahl, who is also Swedish, has so far had a far less prominent career. An electrical engineer and technician by profession, he started his working life in research and development. He first worked with Mr Barnevik at Asea, before the merger with Brown Boveri, and joined the top management team of the merged company at its foundation.

His main responsibility has been for the group's power transmission and distribution business. He has also looked after the group's interests in Asia, where he has been responsible for some big power projects, including the US$5bn contract for the Bakun hydro-electric project in Malaysia.

Both Mr Barnevik and Mr Lindahl indicated that Mr Lindahl's task as chief executive will be much more routine than that which faced Mr Barnevik, who forged ABB and built the group through big strategic purchases. Mr Barnevik said that period was over and what remained was to achieve strong organic growth and expansion through smaller acquisitions. Mr Lindahl said there would be no change of strategy. "We have created a platform. We must continue to strive for growth by going deeper into Europe, deeper into Asia, and America – not to mention Africa."

The company also yesterday appointed its first finance director, Mr Renato Fassbind, who at 41 is the youngest executive committee member.

Stefan Wagstyl and Hugh Carnegy

COMPANIES AND FINANCE: ASIA-PACIFIC

Debt forces Hopewell chief to loosen grip on power

The sale of most of Cepa to Southern Company leaves Gordon Wu free to concentrate on difficult infrastructural projects

Southern Company's move to the east to seize control of Consolidated Electric Power Asia marks a watershed for both the Atlanta-based utility and Mr Gordon Wu, founder of the pioneering power group and one of Hong Kong's most energetic entrepreneurs.

Mr Bill Dahlberg, Southern chairman, said it would create the world's largest independent power producer, pointing to the potential of its entry into Asia's growing power sector. The purchase of a controlling share in Cepa is a milestone in an international expansion strategy which, after last year's acquisition of the UK's South Western Electricity, gives it a foot in all the main regions.

For Mr Wu, the US$2.7bn deal provides a powerful ally. But it also marks a tactical retreat for the entrepreneur, designed to satisfy his bankers and provide a new lease of life for Hopewell Holdings, his cash-strapped infrastructure and property group and erstwhile parent of the power concern.

The accord brings risks as well as the promised rewards. Southern's move raises the challenge of working in unfamiliar markets with a partner used to running his own show. "In terms of corporate culture, they seem an odd couple," says one Hong Kong power analyst. Mr Wu's risk lies in swapping a majority stake in his group's most attractive asset to provide funds for investment in grandiose but uncertain schemes.

The motivation behind the deal is clear from the figures. Hopewell Holdings had total debts of HK$28bn (US$3.6bn) at the end of June, including the borrowings of its joint ventures, and a debt-to-equity ratio of more than 90 per cent.

"He was faced with a financial dilemma," says Mr Desmond Cheung, analyst at Vickers Ballas in Hong Kong, referring to Hopewell's capital-intensive commitments to build an elevated railway in Bangkok and a highway in southern China. The proceeds from the Southern deal will ease the burden on the balance sheet. This explains Mr Wu's surprise decision to relinquish control of Cepa – although he remains as executive chairman and Hopewell will retain a stake of up to 20 per cent.

The more enticing numbers relate to the Asian power market eyed by Southern. According to the World Bank, the investment in power in east Asia required to meet the demand of its fast-growing economies will rise to about US$50bn by the 2000 and $66bn by 2004. China alone is planning to spend $83bn on power generation between 1996 and 2000, according to Mr Shi Dazhen, minister of electric power.

Southern's strategy is to use Mr Wu's contacts and contracts to penetrate this market. The Hong Kong tycoon has established himself as one of the pioneers of the sector, building plants from China to the Philippines and developing close contacts with many of the region's political power-brokers. In many of these markets, where bidding procedures are still being developed, Mr Wu's record as an innovative supplier has proved a valuable asset.

"It is an easy way in to existing plants and contracts," says Mr Tim Ramsbottom, sector analyst at James Capel in Hong Kong. "Southern has expertise in running power stations, and Mr Wu can bring new business," said one investment banker.

It is a neat formula, marred by potential pitfalls. Some of Cepa's projects – notably, the Tanjung Jati B power station in Indonesia – have been running into difficulties. This summer, the Indonesian government warned that delays in the plant development could lead to a review of the contract.

More broadly, the market is becoming more competitive, with many of the big international groups, such as Electricité de France and the US utilities, developing their presence in the region.

Another issue, according to an analyst at Amsteel Securities, is the Sino-American diplomatic question. A majority US shareholding in Cepa, he argues, could prove an obstacle to participation in China projects.

Mr Wu – the logic goes – could provide an edge for Southern in its bidding battles. But there is a question over whether his team will now be preoccupied with Hopewell. "Closing these deals in the power sector is a very tough, time-consuming business, and Mr Wu has a lot on his plate," says Mr Ramsbottom at James Capel.

The Cepa chief and his managing director, Mr Stewart Elliott, stress they remain committed to the company. "We think with Southern we can turn our 20 per cent stake into something as big as our 60 per cent stake," says Mr Elliott.

As for Hopewell, its directors dismiss the notion that the group lacks direction and attraction after ceding control of Cepa. The proceeds from the sale will boost profits at Hopewell, which has its 60 per cent Cepa stake booked at HK$10.29 a share compared with an offer price of HK$18.50.

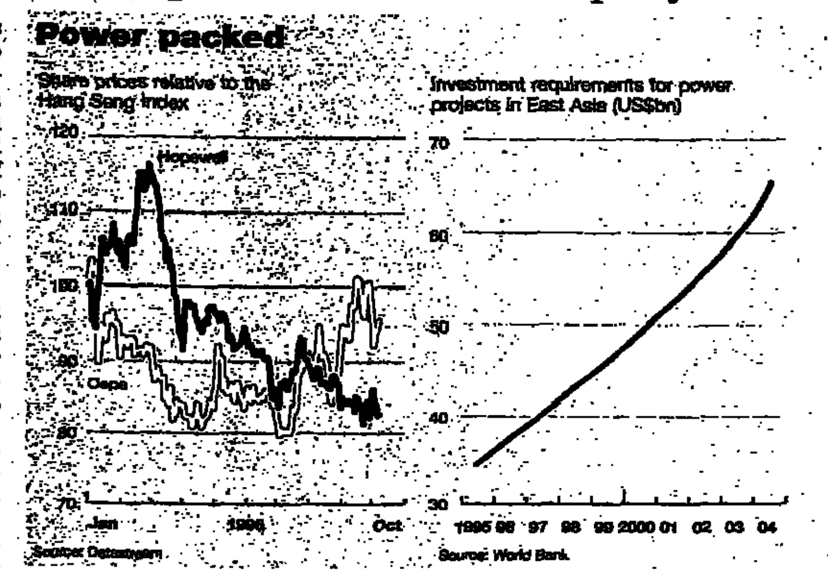
More importantly, say officials, the agreement provides funds for infrastructure projects in Bangkok and southern China.

"With debts cut and the potential for a big equity investment in the Bangkok project then it will be easier to press ahead with construction and to find partners if that is necessary," says one investment banker. Some big contracts for the project were signed this week with Siemens of Germany, suggesting momentum is gathering pace.

But Hopewell's other businesses, notably property in Hong Kong, are lacklustre, while its roads in southern China have seen revenues languish below budget. And with a deadline of the Asian games in 1998, Mr Wu still faces a race against time for his Bangkok railway.

For his newfound partners in Atlanta, the big gamble is that he will have enough energy left to drive their power alliance.

John Ridding and Richard Waters



Cepa project list

Operating Projects	Location	Ownership interest %	Construction Cost
Shajiao B	Guangdong China	50.0	HK$4.1bn
Navotas 1	Manila Philippines	50.1	US$41m
Navotas 2	Philippines	100.0	US$39m
Shajiao C	Guangdong China	32.0	US$1.9bn
Pagbilao	Philippines	67.0	US$933m
Projects under construction			
Sual	Philippines	92.1	US$1.4bn
Projects under development			
Tanjung Jati	Central Java	80.0	US$1.8bn
Pakistan	Keti Bandar	76.0	US$1.8bn


Gordon Wu

Ayala forms bidding group for Manila water sale

By Edward Luce in Manila

Ayala Corp, the Philippines' largest diversified holding company, said yesterday it had formed a consortium with Bechtel Enterprises of the US and North West Water of the UK to bid in the privatisation of Manila's water system in December.

The consortium, which is the fourth to enter the running since the government said it would sell off the Manila water and sewerage system (MWSS) earlier this year, will also include smaller minority partners, said Ayala.

The group, which hopes to win one of the two "concession" areas (Manila East and Manila West) at the bidding on December 31, has already cleared "pre-qualification" hurdles set by the government.

"We are satisfied that all four bidders are of the highest international quality," said Mr Marc Dumol, chief of staff at the department for public works. "The 'concessionaire' formula has been drawn up by the International Finance Corporation to the best possible international standards."

Under the formula, companies are required to submit pledges to invest a minimum of $7bn between them to upgrade Manila's water and sewerage network. Less than 10 per cent of Manila's households are connected to the city sewerage network. This is expected to rise to 85 per cent within 10 years.

Similarly, the proportion of households connected to the water system is expected to rise from 67 per cent to 98 per cent by 2007. The 25-year "concessionaire" system, which is modelled on a formula devised in Buenos Aires, permits the winning consortium to recoup investment costs through water metering charges. Foreign companies are limited to 40 per cent stakes in each consortium.

Manila's water: bidders

- Lyonnaise des Eaux (France)
  Benpres (Philippines)
- Anglian Water (UK)
  Metro Pacific (Philippines)
- Ayala (Philippines)
  Bechtel (US)
  NW Water (UK)
- Générale des Eaux (France)
  Aboitiz (Philippines)

The bidders, which include consortia led by Anglian Water of the UK, Lyonnaise des Eaux of France and Générale des Eaux of France, are required to sign documents renouncing their right to take legal action or request court injunctions if they lose the bid.

"We have very strict and precise bidding rules which we expect all of the bidders to follow to the letter," said Mr Dumol.

IFC executives say the concessionaires will be able to make profits by ensuring that every household is connected to the system and pays its metering charges on time. More than 35 per cent of Manila's water is lost through leakage or pilfering, according to the IFC.

The bidders are expected to propose tariff rates at or below the existing 8.78 pesos per cubic metre. Philippine companies involved in the consortia include Aboitiz, a local holding company, and Metro Pacific, the Philippine arm of Hong Kong-based First Pacific. The winning consortia are expected to list on the Philippine stock exchange.

China plans reforms to encourage mutual funds

By Tony Walker in Beijing

China aims to boost its mutual fund sector with new regulations strengthening controls over existing funds and ending a ban on the listing of new funds.

The country also plans to allow joint-venture mutual funds, enabling foreign securities companies for the first time to invest in A-shares, which have until now have been restricted to Chinese investors.

According to the Xinhua news agency, the State Planning Commission (SPC) says "the new regulations will be a sign that the freeze on the funds market since 1993 will thaw". Many funds are expected to seek listings on the Shanghai and Shenzen stock exchanges.

China clamped down on the spread of mutual funds during the 1993 boom because of concern over inadequate regulations, but the authorities now recognise that mutual funds are needed to stabilise the country's volatile securities markets. China has 76 collective investment funds, of which nearly all are close-ended. 51 of them are listed.

Under the new rules, to be introduced by the end of the year, funds will require the approval of the People's Bank, China's central bank, the State Council Securities Commission and the China Securities Regulatory Commission, the securities watchdog.

Only securities companies and trust and investment companies will be permitted to establish funds. Minimum investment will be Yn1m ($120,000). Funds will be required to invest no less than 20 per cent of their capital in state treasury bonds, with a minimum combined investment of 60 per cent in stocks and bonds.

China is also grappling with new laws on securities. The Shanghai and Shenzen stock exchanges say the development of the securities industry is being hampered by the lack of a regulatory framework.

However, the new law has been the subject of infighting, with organisations under the State Council, or cabinet, all seeking a say in the operation of the markets.

Telco sales figures point to car sector slowdown

By Tony Tassell in Bombay

Tata Engineering and Locomotive, India's main commercial vehicle maker, has reported a 22.4 per cent rise in first-half sales. However, compared with growth over the past two years, the figure is the first sign of a slowdown in the the country's car sector.

Telco's sales rise, to 99,454 vehicles in the six months to end-September, compares with growth of 51 per cent in the same period last year.

However, Telco, one of the flagships of the Tata group, said overall demand for vehicles continued to be buoyant. It said the second half was expected to show sustained year-on-year growth for the commercial vehicle sector overall.

Favourable weather and an easing of credit availability and interest rates should fuel economic growth, the company said. It said its production of vehicles rose 26 per cent in the first half, to 103,883 units from 82,428 units last year.

Market share stood at 74 per cent in medium and heavy commercial vehicles and 67 per cent in light commercial vehicles.

Analysts said the momentum of sales growth had been expected to slow after last year's high levels.

However, they added that sales had also been affected by the delayed impact of a liquidity crunch in India, an overbooking of vehicles by small truck operators early last year, a protracted monsoon season, high interest rates and a slowing of corporate earnings growth.

Sales in August and September had largely been unchanged from July levels; traditionally the last month of the fiscal half year is strong for commercial vehicle makers as buyers take advantage of tax benefits and company managements step up efforts to meet sales targets.

Mr Shekar Vishnav, of brokers W. I. Carr, said the strong growth of the past two years had not been sustainable. "The current growth is much more realistic and maintainable," he said. Mr Sandeep Talwar, analyst with SSKI Securities, said it was too early to tell whether the slowdown at Telco would develop into a longer trend.

ASIA-PACIFIC NEWS DIGEST

S&P credit rating for John Fairfax

Standard & Poor's, the US rating agency, yesterday assigned a BBB+ corporate credit rating to John Fairfax, the Australian newspaper publisher which has been the focus of bid speculation. It said that the rating reflected the "very strong franchises" of the group's masthead, and expected improvements to profitability and cash flow as the benefits of new and upgraded printing facilities flow through.

However, S&P warned that higher newsprint prices and the depreciation impact of new printing facilities – which contributed to a 29.8 per cent fall in profits (before abnormals) in 1995-96 – would probably further limit earnings performance in 1997. It also noted that Fairfax's earnings were subject to "volatility in classified advertising revenue streams, which are linked to economic conditions in the two key markets of Sydney and Melbourne".

The rating announcement came as Fairfax announced plans to raise A$400m (US$315.7m) through a combined promissory note and medium-term note programme.

Nikki Tait, Sydney

TNT options proceeds frozen

Australia's Federal Court yesterday granted the Australian Securities Commission, the securities industry watchdog, a freeze on some A$10m (US$7.9m) of proceeds stemming from the "abnormal" trading of options in TNT, the Australian transportation group, before last week's A$2bn bid from the Dutch KPN group. The proceeds will be frozen until November 8, when a further hearing is due.

Nikki Tait

Regulator fines Chinese group

Chinese securities market regulators have fined a listed company for disclosing misleading information, in a further sign of their determination to bring order to the country's securities markets. The Bohai Group was fined Yn500,000 ($60,240) for issuing a 1996 interim report that was "seriously false", according to the China Securities Regulatory Commission, the official China Daily reported yesterday.

Foreign brokers view lack of transparency as one of the big problems of investing in listed Chinese companies. However, since the beginning of the year, the CSRC has introduced measures to improve disclosure standards.

Sophie Roell, Beijing

COMPANIES AND FINANCE: THE AMERICAS

Weaker markets hit JP Morgan

By Tracy Corrigan in New York

J. P. Morgan followed the pattern set by US investment banks in the third quarter when it reported earnings lower than those of an exceptionally strong second quarter, as a result of weaker financial markets in the summer.

The bank yesterday reported net income of $276m in the third quarter, down from $440m in the second quarter and from $360m in the third quarter of 1995.

Earnings per share of $1.32, compared with $2.14 in the second quarter, were on the low side of analysts' estimates. The share price dipped $⅛ to $85⅞ in early trading.

Ms Diane Glossman, an analyst at Salomon Brothers, said that she did not expect J. P. Morgan to reproduce its "incredible" first-half performance, but added that "the company continues to go from strength to strength" in its development of investment banking activities to complement its traditional commercial banking business.

J. P. Morgan has established a strong position in the lucrative corporate advisory business, ranking sixth in completed mergers and acquisitions world-wide in the first nine months of 1996, according to Securities Data, a research company.

Although down on the second quarter, trading revenues of $510m for the third period lifted trading revenues for the year to date to nearly $2bn, up from $1bn in the same period in 1995.

While the equities business suffered, because of the market weakness during the summer, fixed-income and foreign exchange trading remained strong.

"The mix of our revenues reflected sustained momentum in client-related business activities, with investment banking revenues up more than 50 per cent as our market share continued to grow," said Mr Douglas Warner, chairman.

Third-quarter earnings reflected a special charge of $71m – $42m after tax – related to the outsourcing of a large part of its information technology operations, which was announced earlier this year. J. P. Morgan had already warned that the charge could be as much as $100m.

The bank expects to make aggregate savings of approximately 15 per cent on technology costs over the seven years of its agreement with Pinnacle Alliance.

However, the momentum in savings will accelerate over the latter period of the deal, the bank said.

Levin walks tightrope as head of family

Harmony depends on tough decisions at Time Warner, writes **Richard Waters**

There was a telling moment yesterday as Mr Gerald Levin, chairman of Time Warner, wrapped up the special shareholders' meeting which had been called to approve his acquisition of Turner Broadcasting.

Standing, sweating, under the hot lights that illuminated the stage in the heart of the Time & Life building on New York's 6th Avenue, Mr Levin waited impatiently for Mr Ted Turner to join him before the cameras for the handshake that would seal their union.

But the "Mouth from the South" was having none of it. Ignoring the increasingly anxious signals of Mr Levin's flunkies, and the uncomfortable glances from the Time Warner chairman himself, Mr Turner edged through to the back of the room and out, working the crowd with his trademark charm as he went.

This will not be an easy union. Yesterday morning, hours ahead of the formal completion of the $7bn deal, Mr Levin talked optimistically about how he would create "one team and one family" in Time Warner's executive suite. If so, it is likely to be a pretty dysfunctional family. And, before it can settle down to a happy familial life, it faces some tough financial decisions.

The union of the garrulous, erratic Mr Turner and the lawyerly, deliberate Mr Levin has been the most widely anticipated in American business since their merger was announced 13 months ago. As the enlarged Time Warner's biggest shareholder and a vice-chairman, Mr Turner has made clear his keenness to see the value of his stake increase.

Mr Levin has at least won some breathing room. At the end of August, with Time Warner's stock languishing at $34 – more than 20 per cent below its level when the merger was announced – the pressure was on for some radical surgery. As the combination has drawn nearer, though, the stock market has rediscovered some enthusiasm for Mr Levin's promises to create an entertainment powerhouse, lifting the stock by yesterday lunchtime in New York to $41⅞.

Besides Mr Turner, there are three other large shareholders with the ability to disturb Mr Levin's domestic bliss. US West, the telephone company which has a 25 per cent interest in Time Warner's cable television unit and HBO network, lost a legal battle this summer to block the Turner acquisition but remains an adversary.

Mr Edgar Bronfman, chairman of Seagram, which secretly built a 14.9 per cent stake in Time Warner three years ago, continues to hover at the periphery, apparently still anxious to shed his holding. And Mr John Malone, chairman of Tele Communications Inc, the other big US cable television operator, has become a large shareholder through his stake in Turner – though his influence will be muted by an agreement with anti-trust regulators designed to preserve competition in the cable business.

To keep all of these people happy simultaneously will be no easy task. But Mr Levin yesterday hinted at how he plans to do it: lift Time Warner's shares through cutting debt and costs.

Shareholders have heard promises like these before – Time Warner's $17.5bn debt burden is a hang-over from the company's creation at the end of the 1980s. This time, though, Mr Levin, who has proved himself one of the great survivors of US corporate life, seems to have little option but to deliver.

The need to improve Time Warner's financial flexibility seems already to have caused behind-the-scenes sparring between the Levin and Turner camps.

Turner's Atlanta operations will lose 1,000 jobs. Then there is Turner's New Line Cinema and Castle Rock Entertainment studios: Mr Turner is reported to have set his face against a sale of New Line – though an executive at yesterday's shareholders' meeting said a sale was still planned.

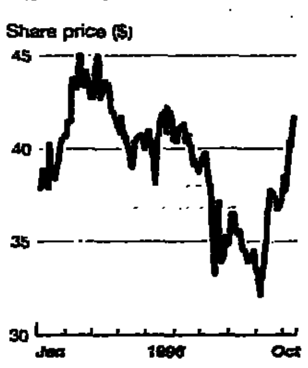
Mr Levin has promised cuts at Time Warner, too. In all, his supporters say, he hopes to squeeze $600m extra a year out of the enlarged group, through a combination of cost cutting and higher revenues. That would add considerably to the group's cash flow. (Its EBITDA – earnings before interest, taxes and depreciation – in the first half of this year came to $1.2bn.) However, this will not be an easy job in an industry where lavish corporate lifestyles are the norm.

Even raising cash flow that much would hardly address the bigger question: how to reduce the debt mountain. Mr Levin has so far won his battles to retain Time Warner's capital-intensive cable-TV operations. With other strong voices on his board, he may find himself on the defensive.

The Time Warner chairman could at least draw some comfort from yesterday's meeting. One shareholder commented that Mr Levin, rather than Mr Turner, should remain in the driving seat at Time Warner.

"My wife said the same thing this morning," he agreed.

Time Warner



Source: Datastream

Reuter

Gerald Levin: faces stormy relations with big shareholders

Snakes are the stars at Buenos Aires park

By David Pilling in Buenos Aires

Frogs, snakes and other inhabitants of the murky Rio de la Plata, rather than Mickey Mouse and friends, will be the host personalities of Delta Park, a Disney-type entertainment complex due to open in Buenos Aires in December.

The theme park, the creation of Argentine conglomerate Comercial del Plata (SCP), is expected to be the centrepiece of the Tren de la Costa, an ambitious rail and entertainment network that opened last year.

SCP will have invested an estimated $100m-$110m in the project, which involved refurbishing 15.4km of railway and opening shopping malls, cinema and restaurant complexes, as well as the new theme park, at stations along the route.

Delta Park, which will include rides, laser shows, circuses and specially devised theatre entertainment, should raise Tren de la Costa's annual revenues to $70m, according to Mr Santiago Soldati, SCP chairman.

The group estimates that, in just over a year of operation, 3.5m passengers have ridden the train, most of them spending money at the station complexes along the way.

"This is completely different from anything else [SCP] is involved in," said Ms Ashley Farrar, an analyst at ING Barings. SCP's core activities are oil and gas, water and sewerage and electricity. "If it hadn't sunk so much money into this project, one might be looking at it as a possible divestment," she said.

Mr Christopher Ecclestone, of brokers Interacciones, said he believed the park would "fill a big gap in the Buenos Aires boredom factor. I think it's going to be a great success." The 13m inhabitants of Buenos Aires, separated from the rest of Argentina by vast areas of pampa, had only limited entertainment options and would probably flock to a theme park, he said.

The park has been developed with the advice of former Disney employees, but will try to retain a local flavour.

AMERICAS NEWS DIGEST

General Electric ahead in quarter

General Electric announced improved earnings for the third quarter, lifted by the exclusive broadcasting in the US of the Olympics by its NBC network. Earnings per share increased to $1.08, up 13 per cent on a year earlier. After-tax profit in the period of $1.78bn came on turnover of $20.0bn, an increase of 15 per cent on the same quarter last year. Cash of $5.4bn was generated in the first nine months, an increase on the $2.4bn in the same period of 1995. The company said it had repurchased $674m of its stock under a rolling $9bn repurchase scheme. It has now bought back 55m shares at a cost of $5.6bn since December 1994. The results were in line with expectations, and the shares fell slightly in early trading, down $⅜ at $92⅝. *John Authers, New York*

Aetna to take $275m charge

Aetna, the US insurance company, said yesterday it would take a $275m charge in the fourth quarter related to its merger with US Healthcare, the healthcare services group. Most of the charge covers severance costs associated with the laying-off of 7,500 employees by the end of 1998 and the process of combining the two companies. Aetna purchased US Healthcare in July in a deal valued at nearly $9bn to create the largest publicly-traded managed healthcare group in the US. Aetna also said yesterday it would take a $32m charge to eliminate 700 jobs in the restructuring of its financial services businesses. Aetna shares fell $⅜ to $67¼ in early trading. *Tracy Corrigan, New York*

Price Waterhouse revenue up

Price Waterhouse, the accountants, announced total revenues from its firms worldwide of $5.02bn in the year ended June 30, up 13 per cent on the $4.46bn in the previous year. Management consulting services increased fee income 20 per cent, while corporate finance grew 15 per cent. Traditional practice areas such as audit and business advisory services and tax and legal services grew 10 per cent. The result confirms a trend towards double-digit revenue growth among the so-called "Big Six" global firms. *Jim Kelly, Accountancy Correspondent*

Weak prices hurt Alcan

Canada's Alcan Aluminium said weak metal prices, destocking by customers and a seasonal slowdown in European demand reduced third-quarter earnings by about 30 per cent. Net profit was US$101m, or 43 cents a share, against $143m, or 61 cents, a year earlier. Revenues were $1.88bn against $2.29bn. After a $280m write-down of the Kemano hydro project in British Columbia, the same period of 1995 showed a final $137m loss. *Robert Gibbens, Montreal*

RPR warns after recall

Rhône-Poulenc Rorer, the US drugs group 68 per cent owned by Rhône-Poulenc of France, warned that 1996 earnings could fall by 10-12 per cent as a result of a worldwide recall of its albumin products, sold through Centeon, a joint venture with Germany's Hoechst. The decision to recall Albuminar and Plasma Plex was because of the risk of infection as a result of cracked vials. Centeon's albumin sales accounted for $200m out of a global market of $1.6bn in 1995, RPR said. The company does not expect any impact on 1997 earnings. RPR shares fell almost 4 per cent in early trading, to $70⅞. *Tracy Corrigan*

Arco unit in $565m buy

Arco Chemical, a unit of Atlantic Richfield, said it had agreed to buy Olin Corp's isocyanates businesses for $565m. *AFX News, New York*

COMPANIES AND FINANCE: UK

Boots back on international stage

By Peggy Hollinger

Boots, Britain's largest chemist, is taking its first tentative steps into international pharmacy retailing since withdrawing from its ill-starred Canadian venture in the late 1980s.

It said yesterday it planned to open Boots The Chemists stores on a trial basis in Thailand, Holland and Japan. It intends to open at least nine Boots The Chemists stores in the three countries, selling many of the same products and closely resembling the 1,200 shops found on most of Britain's high streets. Boots said the trial would cost £30m ($46.8m) over the next 18 months, which would cover all start-up costs and expected losses.

Lord Blyth, chief executive and deputy chairman, stressed that the approach would be "prudent, gradual and long-term". No decision on further expansion either in south-east Asia or continental Europe would be made until the trials were fully evaluated. "The purpose of these pilot stores is to carry out a thorough evaluation of the commercial opportunities ... before considering the scope for further investment in these countries or elsewhere," he said.

Boots has chosen to operate with a local partner in each country. Boots said this resulted from lessons learned from the company's previous experiences abroad.

In 1988 the group withdrew from Canada after losses there severely restricted the parent company's profits.

Analysts welcomed news of Boots' cautious ambitions abroad as a sign that it was seeking to answer concerns about its strategy.

Provision for Bain Hogg

By Ross Tieman

Bain Hogg, the insurance broker set for demerger from Inchcape, the international trading group, has made provisions of £20m ($31.2m) to reorganise operations and fund its spin-off.

Although Inchcape declined to confirm the precise timing or method of separation, £3m of the provisions are earmarked for costs relating to the demerger, planned for November.

Mr Ron Forrest, Bain Hogg chief executive, has started briefing analysts and potential investors.

He aims to convince them Bain has an effective response to the decline in premium rates that has been pushing down profits.

He believes the slide may be long-term, rather than cyclical. He has therefore begun restructuring the business, with particular emphasis on Bain's UK activities.

He hopes to improve productivity by applying the enterprise and innovation found at Bain's international business to its UK operations. Mr Forrest believes Bain can stabilise its income by increasing the amount of business arranged for a fee, rather than on commission.

The scale of restructuring makes it difficult to predict profits. But any attempt to value the business will be impossible until Inchcape has settled how much debt it will carry.

David Brown shuffles board

By Tim Burt

David Brown Group, the specialist engineering manufacturer, yesterday announced a boardroom reshuffle and signalled a more aggressive acquisition strategy following a sharp increase in first-half profits.

The group, which earlier this year parted company with Sir Terence Harrison after less than six months as non-executive chairman, said he would be succeeded by Mr Chris Cook, previously joint chief executive.

Mr Cook has been given a remit to consider larger bolt-on acquisitions. Although he said the company was not contemplating an imminent deal, he hinted it would like to increase its presence in industrial gears in North America.

Mr Chris Brown, who becomes sole chief executive, said the group might have to come to the market to fund such a bolt-on.

Shares in David Brown, meanwhile, rose 14p to 235½p after it reported a 33 per cent increase in first half profits.

The company – a leading producer of industrial gears, pumps and mobile equipment drives – announced pre-tax profits up from £6.57m to £8.73m ($13.6m) on improved sales of £90.8m (£71m) in the six months to August 2.

Peter Byrne

Chris Cook (left) with Chris Brown - no longer joint chiefs

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Barlows	6 mths to June 30	1.82	(1.09)	0.534	(0.166)	1.62†	(0.82)	0.75	Dec 16	0.5	-	2
Beaufort	6 mths to June 30	20.9	(20)	0.606♠	(0.545)	0.86†	(1.03)	0.25	Nov 12	0.2	-	0.6
Brooks Service	6 mths to June 29	13.5	(13.3)	0.243	(0.177)	1.35	(0.99)	1.2	Nov 22	1	-	3
Brown (N)	6 mths to Aug 31	131.4	(106.9)	16	(12.6)	7.35	(5.87)	2	Jan 3	1.6	-	5.7
Cradley	Yr to June 30	25.8	(24.5)	2.99	(2.35)	6.5	(4.8)	1.38	Jan 2	1.26	1.38	1.26
David Brown	6 mths to Aug 2	90.8	(71)	8.73	(6.57)	9†	(7.4)	2.65	Nov 21	2.4	-	7.6
Etam	28 wks to Aug 10	94.5	(108.7)	5.76L♠	(3.85L♠)	8.93L	(6.12L)	0.5	Jan 3	0.5	-	1.25
Ferguson Intl	6 mths to Aug 31	95.3	(104.4)	5.99	(5.63♠)	10.1	(8.5)	4.5	Dec 5	4.5	-	13.25
JKX Oil and Gas	6 mths to June 30	4.32	(-)	0.924L	(0.484L)	1.77L†	(1.26L)	-	-	-	-	-
Maunders (John)	Yr to June 30	67.8	(76)	4.52	(7.03)	12.07	(18.52)	3.25	Nov 28	3.25	5.7	5.7
SkyePharma	Yr to July 31	5.14	(7.59)	6L	(9.98L♠)	3.9L†	(13.8L)	nil	-	nil	nil	nil
Tottenham	14 mths to July 31★	39.1	(25.1)	2.91♠	(5.35)	1.2†	(29.8)	3.5	Nov 19	3	5	3
Toye	6 mths to June 30	4.92	(4.99)	0.075L	(0.141♥)	3.34L	(6.28)	-	-	-	-	4
Tudor	6 mths to June 30	8.01	(8.43)	0.224	(0.111)	1.35	(1.01)	0.33	Dec 12	0.25	-	1
United Inds	6 mths to June 30	25.6	(32.8)	2.1♥	(1.75)	4.28	(3.13)	0.75	Nov 22	0.75	-	2.25
Xavier Computer ◊	6 mths to Sept 30	3.74	(0.457)	0.26	(0.086L)	0.39†	(0.29L)	-	-	-	-	-

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Gartmore Venture	5 mths to Aug 31	96.6	(-)	0.346	(-)	1.76	(-)	-	-	-	-	-
Invesco Convertible	60 wks to Aug 31	102.45	(-)	0.704	(-)	4.89	(-)	2	Nov 29	-	4	-
I&S Optimum		-	(-)	-	(-)	-	(-)	2.65✣	Nov 15	2.15	-	9.4
MG Latin	6 mths to Aug 31★	84.8	(75.8)	0.467	(0.281)	0.73	(0.44)	-	-	-	-	0.26
Perkins AIM VCT	6 mths to July 31	98	(-)	0.05	(-)	1.1	(-)	-	-	-	-	-
Templeton Latin	6 mths to June 30	101.89	(84.19)	0.271	(0.156)	0.59	(0.34)	-	-	-	-	0.35

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ★Comparatives for 12 months. ◊Aim stock. ✣First interim: includes 0.5p special. ★Comparatives restated. #At December 31.

Virgin Express to battle with BA

By Ross Tieman

Virgin Express, Mr Richard Branson's low-cost European airline, is squaring up for a battle with British Airways over the bones of Air Liberté, a French carrier that went into administration in September.

Mr Branson yesterday confirmed talks with administrators of the airline with a view to obtaining assets, together with its take-off and landing slots in France.

British Airways, which has called on the European Commission to block an approach for Air Liberté by French Carrier AOM, is expected to submit a bid of its own on Monday.

The rivalry for Air Liberté signals the start of a new battle between BA and its arch-rival, as Mr Branson expands his operations in Europe.

BA has invested heavily in Deutsche BA in Germany and TAT in France in its drive to create a web of European regional carriers.

But in April, Mr Branson paid £39m for 90 per cent of Euro-Belgian Airlines, now renamed Virgin Express. Operating 14 Boeing 737 twin-jet aircraft out of Brussels, Mr Branson is seeking to replicate the success of South West Airlines in the US, undercutting rivals with a no-frills service.

The airline is run by Mr Jonathan Ornstein, hired from Continental Airlines of the US, and is forecast to achieve pre-tax profits of £8m in its first year of operation, on turnover of £136m.

Mr Ornstein already plans to increase his fleet of Boeing 737s and open routes into France.

At present there is no overlap between Virgin Express services in continental Europe and those operated by BA subsidiaries or associates. But the Virgin spokesman said: "We are going to go into head to head competition with them within 12 months."

LEGAL NOTICES

ROXBURGH ELECTRONICS LIMITED
Registered No. 47026

IN a Petition presented to the Court of Session on 8th October 1996 at the instance of Roxburgh Electronics Limited, a Company incorporated under the Companies Acts with Number 47026 and having its Registered Office at 11 Walker Street, Edinburgh, for confirmation of reduction of share premium account, the Court has pronounced the following Interlocutor:-

Edinburgh, 8th October 1996

The Lords appoint the Petition to be intimated on the Walls in common form and to be advertised once in the Edinburgh Gazette and once in The Scotsman and Financial Times newspapers; appoint all parties claiming interest to lodge Answers, if so advised, within twenty one days after such intimation and advertisement.

- "Rodger of Earlsferry" I.P.D.

Of all of which intimation is hereby given.

Brodies W.S.
15 Atholl Crescent
EDINBURGH
EH3 8HA
Solicitors for the Petitioners

Dilution threat at Eurotunnel

By Motoko Rich

Shareholders in Eurotunnel could end up holding less than a quarter of the equity in the company under the complex financial restructuring plans announced on Monday, rather than about a third as previously thought.

The Channel tunnel operator, which this week unveiled the fruit of nearly a year of negotiations with its banks on £9.1bn ($14.2bn) of debt, announced an initial dilution of shareholders' interests to 54.5 per cent.

However, analysts highlight that some of the financial instruments which can be used instead of cash to pay off interest could leave the banks owning as much as 75 per cent of the company and 83 per cent of the free cash flow available for dividend payments next century.

Under the plan, involving a series of complex debt instruments, Eurotunnel will issue the banking syndicate with 769m shares in the first debt-for-equity swap.

It will also issue "equity notes" in exchange for a further £1bn of debt. These, which will bear an interest rate of 4.5 per cent until 2003, will be converted to shares at 155p in 2003 if Eurotunnel cannot redeem them from cash resources.

If all these debt notes are converted, the share of existing shareholders in the company will be diluted to 39.4 per cent. However, the company is also issuing the banks with so-called stabilisation notes – which can also be used instead of cash to make interest payments. These notes are also convertible to shares.

Mr Jeff Summers, head of research at Klesch, the secondary debt trader, said if all the stabilisation notes were converted to shares, existing shareholders would have only a 24.5 per cent stake in the company.

Holden losses hit Utd Inds

By John Hamilton

Problems at its automotive exterior parts arm dragged operating profits down by £650,000 to £1.2m ($1.87m) at United Industries in the half year to June.

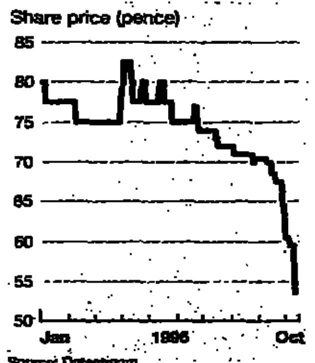
Mr Tom Brown, chief executive of the engineering group, said losses of £588,000 (£445,000 profits) at Holden Hydroman followed a 33 per cent fall in sales from schedule reductions by leading customers. It was considering selling Holden, which was becoming less suited to its business as the automotive plastics industry became more dominated by international concerns.

The shares fell 6p to 53½p.

Group pre-tax profits on ordinary activities rose to £2.1m (£1.75m), after lower interest payments and an exceptional gain.

United Industries

Share price (pence)



Source: Datastream

Where smart money keeps the crystal ball

David Blackwell explains the importance to Eurotunnel of the secondary debt markets

An upward tick in the price of Eurotunnel's secondary debt indicates that investors believe the complex restructuring plan will go ahead.

Banker's Trust, the US investment bank that accounts for about 70 per cent of the market in Eurotunnel debt, said the price rose to 41p in the pound yesterday, compared with 36p when the shares were suspended two weeks ago.

The restructuring plan, announced earlier this week, requires the backing of the shareholders and more than 200 banks.

Mr Martin Dent, a managing director at Banker's Trust, believes the secondary debt market is bigger and more relevant than the market in Eurotunnel shares.

The market – which developed as some of the leveraged buy-outs of the 1980s collapsed – is dominated by US-based funds specialising in distressed instruments. "This is all smart money," argues Mr Dent, who believes that the liquidity and sophistication of the debt market is providing a fair barometer of the outlook for Eurotunnel.

Mr Dent said that Eurotunnel debt had started trading in 1992 at about 85p. The price drifted slowly down to about 65p until September last year when Eurotunnel reached a standstill agreement with its banks.

At that stage only about £200m ($312m) of the total debt of about £8bn was being traded in the secondary market. But since then a further £750m or so has been traded, taking the total traded outside the original lenders close to an estimated £1bn.

"In the last 12 months the market has come alive," said Mr Dent.

"The latest [debt] price reflects investors' expectations of the restructuring plan," said Mr Simon Mansfield, a vice-president at the bank. He believes the market is impressed because the plan leaves Eurotunnel with a clear way out if it meets its targets. It is also likely to leave the banks with about two-thirds of the group, and shareholders with the other third – "a decent compromise".

Eurotunnel needs to be generating £600m to £700m of cash flow by 2003 in order to pay its interest. This is undoubtedly an ambitious target, but looks attainable, according to Mr Mansfield.

This is in contrast to other UK restructurings, such as Brent Walker, where the unravelling process is likely to be more messy.

Last week, the price of Brent Walker's £189m of third preferred loans leapt from 40p to 65p in the pound after an independent arbitrator ruled that the leisure group had paid £117.5m too much for William Hill when it bought the betting chain for £685m in 1989.

In this case, Mr Mansfield said, investors are speculating that Brent Walker will be unwound in the not too distant future, with the successful realisation in some form or other of the value in William Hill and Pubmaster, the chain of 1,700 pubs.

Assuming that the group gets £120m net for Pubmaster and an influx of about £55m to £60m arising from the arbitration ruling, William Hill, its main asset, would have an implied value of well over £450m.

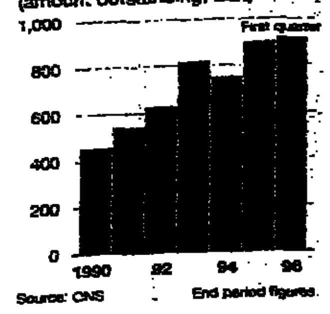
Bankers Trust believes that investors in secondary debt in both Eurotunnel and Brent Walker are taking a bold view of their future prospects at the current prices. However, the bank is more optimistic that Eurotunnel will meet its targets in 2003 than that William Hill – facing tough competition from the National Lottery – will fetch such a high price.

LEX COMMENT

UK pensions

UK life assurance and pension funds

Total financial assets (amount outstanding, £bn)



Source: ONS End period figures.

Liberty International and Hermes are on to a solid point about Britain's changing pension market, but there is no magic in their solution. True, final salary pensions are gradually making way for money purchase ones: equally true, money purchase schemes create more administrative hassle. So if Liberty can indeed combine a low-cost administrative operation with a strong line-up of fund managers, it should be well-placed to win new business. But it will certainly not have the market to itself. In personal pensions, Liberty will be up against others such as Virgin. And in occupational pensions, Liberty's enthusiasm to take on burdensome pensions administration is hardly unique. Mercury Asset Management is already allied with Equitable Life to offer exactly this; life assurers such as Prudential do the same. So do others – such as consulting actuaries – who are not pension providers at all.

For Hermes, the advantages of the alliance are more clear-cut. In a business with Hermes' high proportion of fixed costs, the financial logic of attracting new business is very powerful. But it cannot easily offer indexed fund management to new clients in a tax-efficient way without going through an insurance company – such as Liberty. So for Hermes, it almost does not matter whether Liberty is right to hope for a revolution in the pension market; the alliance gives it a compelling opportunity to spread its wings whatever happens.

Harrison lured by Barclays' £6m

By Nicholas Denton

Barclays confirmed that multi-million Wall Street pay packages have spread to UK banks when it disclosed yesterday that Mr Bill Harrison, new chief executive of its investment banking subsidiary, would receive £5.8m ($9m) over two years.

The deal to lure Mr Harrison to Barclays from Robert Fleming, which emerged as he joined the bank's main board, represents the richest arrangement disclosed by any UK bank. It is unremarkable by US standards.

It dwarfs the £791,000 earned in 1995 by Mr Martin Taylor, Barclays chief executive. But Mr Harrison's pay is less than the $5m-$10m which investment banks on Wall Street pay those perceived to be star performers.

Mr Taylor said yesterday: "Anybody who wishes to participate in this business has to bid for the best talent. Bill is a very hot property. I am not remotely worried about paying a lot of money to talented people who make a difference to the organisation." He rejected the notion that the labour market for investment banking – which is increasingly driven by attempts to attract and retain stars – was malfunctioning. But warned: "I do worry that you get a general inflation from the top down of all compensation levels."

MANAGEMENT

John Kay

In out of the cold

While economists studied markets and prices in abstract, business looked for advice elsewhere – that is, until now

Most business people think economics is about macro-economic forecasting. Economists tell you whether interest rates will go up or down, what is going to happen to exchange rates, and have comments to offer on every new batch of economic statistics.

Most business people also think that economists do not really know whether interest rates will go up or down, or what is going to happen to exchange rates, and there are as many contradictory opinions about the interpretation of economic statistics as there are economists.

Therefore, not surprisingly, business people have a low opinion of economists, although for some reason they go on thinking they need them. But what most economists do has little to do with inflation and exchange rates. Much of economics is concerned with costs and prices, markets and industries. People in business are equally concerned with costs and prices, markets and industries.

When these issues arise, business people do not turn to economists. Indeed they rarely employ economists, and if they do they employ them, this to know whether interest rates will go up or down. Costs and prices, market and industries, are matters for accountants, marketing experts and strategy consultants. Economists are left out in the cold.

Or rather, they walked out into the cold, rather like Captain Oates. For most of this century economists have focused on the industry, rather than the company as their unit of analysis.

The great Cambridge economist Alfred Marshall, who pioneered the economic analysis of markets and industries, once likened individual businesses to the tres in a forest. And there is n important point there: much casual theorising about economics does fail to see the wood for the trees. But that is not the right perspective if you are trying to sell your services to the trees.

And so for many years the dominant tradition in the economics of industry was what came to be known as the structure-conduct-performance paradigm. That explained how an industry's structure depended on basic conditions of supply and demand, and that structure in turn determined the behaviour of companies. It led to economists' traditional concern about the malign effects of monopoly and the exercise of market power.

But there was one group of issues this framework of analysis failed to address. If two companies face the same basic conditions of supply and demand, and operate within the same market structure, why does one company do better than another? This is by far the most important question for anyone running a business, and that kind of economics had almost nothing to say about it.

Economists of the structure-conduct-performance school were regularly hired by anti-trust agencies and government departments, but not by businesses. The spiritual home of these economists was Harvard, but the Harvard economics department, not the Harvard Business School.

> Not surprisingly, business people have a low opinion of economists, although for some reason they go on thinking they need them

That is why the subject of business strategy grew up in the 1960s, quite independent of economics and economists. People such as Igor Ansoff, one of the founders of the subject of strategy, were quite explicit about this. "Study of the firm has been the long-time concern of the economics profession. Unfortunately, for our present purpose, so-called macroeconomic theory of the firm which occupies much of the economists' thought and attention, sheds relatively little light on the decisionmaking process in a real world firm."

It cannot be said that the attempt to develop a theory of strategy independently of economics enjoyed much success. Some of the strategist's tools, like the experience curve, were rather confused expositions of issues which economists had analysed more carefully.

Others, like the portfolio matrix, which purported to categorise businesses as dogs, cows or stars, fell into the same category of knowledge as the attempt to describe human behaviour by reference to the humours of the elements. Fads and fashions came in rapid succession, and trite slogans – go global, stick to the knitting – too often substituted for thought.

One of the most successful attempts to apply more rigour to the subject came from Michael Porter, a Harvard economist trained in the structure-conduct-performance tradition. What Porter did was to translate the main findings of his mentors into terms that business people could understand.

Porter's famous five-forces diagram is the structure-conduct-performance argument in a flow chart. And like the structure-conduct-performance paradigm, it fails to explain why different companies in the same environment, facing the same five forces perform differently.

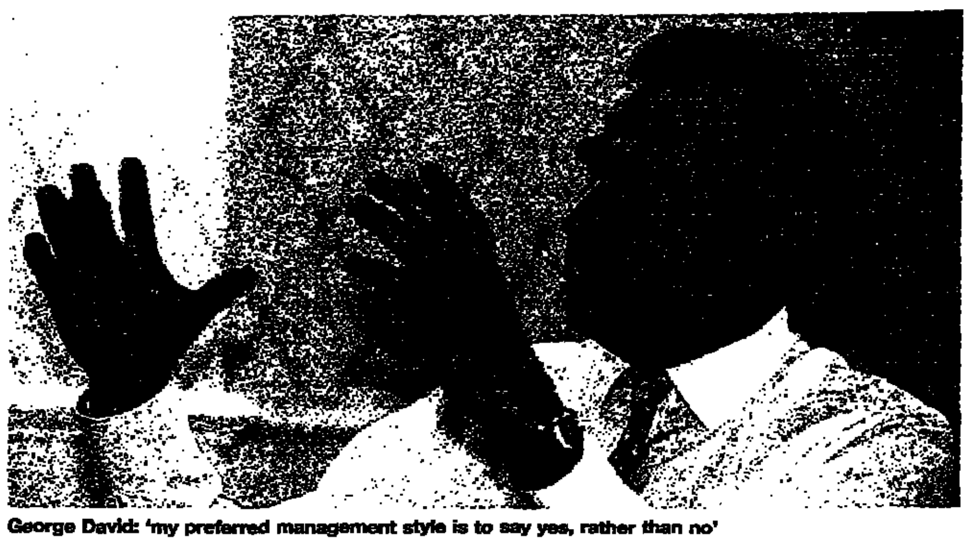
That is why Porter's analysis is more successful in its application to industry (in his first book, *Competitive Strategy*) – than in his second, *Competitive Advantage*. And, it is more successful still in describing issues of public policy (as in his third book, *The Competitive Advantage of Nations*) than determining those of business policy.

But in the same period, there had been great changes in the subject matter of economics. Not so much in macroeconomic policy, where some people continued to think interest rates would go up, and others that they would go down, but in the study of companies and in markets. Economists developed game theory, began to interpret the variety and complexity of contractual relationships, and replaced assumptions of a perfect market by the analysis of markets with imperfect information.

These tools bore directly on the question of why some companies did better than others. Mostly, these ideas were expressed in rather abstruse mathematics, even further removed from the day-to-day concerns of practical people running a business.

What needs to be done now is the job of translating these insights into everyday business language. It is starting to happen. As it does, we should gain a serious subject of business strategy, firmly rooted in the economic analysis of costs and prices, markets and industries.

John Kay's new book, The Business of Economics, was published on October 10



George David: 'my preferred management style is to say yes, rather than no'

When to buck a business trend

Peter Marsh on how hands-off management has paid dividends for a US conglomerate

George David is trying his best to make conglomerates fashionable again. He is president and chief executive of United Technologies, a Connecticut-based company with annual sales of more than $22bn across an array of industries.

The conglomerate comprises six large businesses: Otis, Carrier and Sikorsky, the world's biggest suppliers of lifts, air conditioners and helicopters respectively; Pratt & Whitney, one of the three dominant companies in jet engines; and Hamilton and United Technologies Automotive, which are big in aerospace and car components.

David admits the businesses have little overlap, and he encourages them to have different cultures. So what is the point of his existence? The key, he says, is to recognise the "magnificent franchises" offered by the six constituent companies. His job is to "bring them to levels of performance that are properly expected of them".

Back in the early 1990s, the group was in a bad way. Hit by the global recession, it lost $1bn in 1991. United, built up during the 1970s largely through acquisitions, was being compared with other conglomerates such as ITT which had lost their way.

"The B-word [break-up] was being used a lot," says David, who became United's chief operating officer in 1992 after executive jobs at Otis.

But after a big restructuring in 1991 and a loss of thousands of jobs, the company's financial health has improved. It had net earnings of $750m last year, a 28 per cent improvement on 1994. David says the key to the steady improvement has been a series of management changes aimed at positioning the different constituent companies firmly in global markets, and a Japanese-style approach to getting to grips with factors such as quality and production efficiencies.

Although no one can rule out United suffering once more in a future economic downturn, US financial analysts seem pleased with the company's prospects. "No one is talking about a break-up any more. If a conglomerate is performing, there's no need to fix it," says Cai von Rumohr, a managing director at Cowen & Co, a Boston-based stockbroker.

Howard Rubel, an industry analyst at Goldman Sachs in New York, says much of the change is down to David. "George created a meritocracy when there hadn't been one. He got costs down and hired good people to run the separate businesses. He has an amazing facility to understand the details of the business, as well as having a global vision."

A key factor in David's management technique is his remarkable partnership with Yuzuru Ito, a 68-year-old Japanese quality guru. David met Ito in the 1980s when he was chief executive of Otis. As head of corporate quality at Matsushita, the giant Japanese electricals company with which Otis had a joint venture in lifts in Japan, Ito had been instrumental in correcting a potentially crippling series of mechanical defects linked to Otis's manufacturing methods.

Ito's method was to analyse specific malfunctions, and trace them back to Otis's production procedures. So impressed was David that in 1992 he persuaded Ito to move to Connecticut to advise the company full-time on quality and related factors such as ways to smooth production cycles and cut inventory.

Thanks to such changes, introduced mainly at Pratt & Whitney and Otis and also in other parts of the group, United saves at least $2bn a year through cutting out unnecessary storage of parts and finished goods, plus the "fixes" to correct manufacturing defects.

One aspect common to all United's businesses is their global sweep. Of the company's 185,000 employees, 115,000 are outside the US. Since the late 1980s United has invested $250m in Russia. It has 20,000 employees in the former Soviet Union, more than any other US company, while in China it has sales of $1bn a year and 17 joint ventures.

David says the chances of each company succeeding on the global stage is helped by giving them as free a rein as possible, with rules set by headquarters kept to a minimum.

Unlike some conglomerates, David requires detailed financial accounts from the subsidiaries no more than every quarter. He views daily reporting, as practised by some companies with a similar organisation, as unnecessary "micro-management". And although David admits to the different businesses sharing some technologies, mainly in control engineering, he does not seek to institutionalise ways of spreading information across the group. "I don't see it as my role to do this kind of thing. If one of the companies needs some new ideas, they should go and grab them from wherever is appropriate."

David says he tries not to dictate. "My preferred management style is to say yes, rather than no. I agitate, position myself, make comments. When the president of a division makes a proposal, normally I will instantly say yes. Things work much better if someone is carrying out his or her own idea."

CURRENCIES AND MONEY

UK rate rise prospects lift sterling

MARKETS REPORT

By Gillian Tett

Sterling notched up strong performance yesterday, as the currency traded at its highest level, in trade weighted terms, for a year and a half.

During the day it touched trade weighted level of 87.3 - its strongest point since the spring of 1995 - before closing at 87.2.

The healthy record partly reflected the continued bullish tone to the dollar, which remained at relatively high levels during the day. It closed at DM1.5298 and Y111.275, compared to a previous day's close of DM1.5285 and Y111.485.

However, sterling's strength was also triggered by new expectations that UK interest rates could soon be heading higher.

This ensured that the British currency remained well supported - particularly since investors continue to suspect that European interest rates might, by contrast, have further to fall over the next year.

■ The future of the UK economy attracted a new wave of interest yesterday, with Chancellor Kenneth Clarke delivering a keynote speech to the Conservative party conference.

This speech was generally well received by the markets, since it not only avoided large tax cut pledges, but also reiterated the government's commitment to its inflation target.

And the relatively upbeat reception to the chancellor's speech at the conference also left some market traders suspecting that there was now a mood of greater Conservative party unity.

As Mr Peter Von Maydell of UBS says: "There's a sense that the political background is getting better for sterling."

However, as Mr Von Maydell pointed out, the key factor behind sterling's healthy performance was the removal of any lingering doubts about the prospect for additional UK interest rate cuts.

Inflation data published yesterday showed that the underlying rate of inflation - which excludes mortgage interest payments - rose to 2.9 per cent in September from 2.8 per cent the previous month.

This startled economists, who had expected a fall. It also pushed the sterling interest rate futures sharply lower.

During the course of the trading day most contracts fell by over 15 basis points. The June contract, for example, closed at 93.57 per cent - 16 basis points lower than the previous close. At this level traders expect base rates to be around 6.43 per cent in June 1997 - or well above current level of 5.75 per cent.

As Mr Kit Juckes of NatWest markets said: "There is a sense in the markets that rates will be rising next year."

This swing in expectations pushed sterling higher during the trading day. However, it later fell back, closing against the D-Mark at DM2.3960, compared with the previous close of DM2.3913. Against the dollar, it closed at $1.5663, compared with Wednesday's close of $1.5645.

■ The expectations of higher UK interest rates were a sharp contrast to the picture in Continental Europe where most investors think that the trend in interest rates is downwards.

The Bundesbank council yesterday did not decide to lower the repo rate at its council meeting, as some investors had speculated that it might.

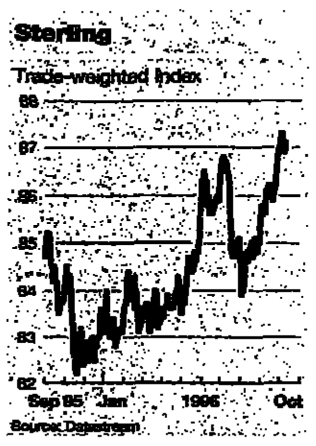
And the Banque de France followed its lead by leaving French rates on hold as well.

However, economists argued that this probably meant that a rate cut was delayed, rather than out of the question - and pointed out that rate rises in Europe remained an unlikely prospect in the short term.

As Mr Von Maydell said: "It is still an open book on German rates. But we have not seen any positive growth surprises in Europe recently."

Meanwhile, in Italy Mr Antonio Fazio, Bank of Italy governor, promised that interest rates might fall more swiftly if the government's 1997 budget, which aims to cut £62.5 trillion lire off next year's deficit, is fully implemented.

"If the corrective budget finds full and swift implementation, the fall in (rates) could be more rapid," Mr Fazio told a parliamentary budget committee.



■ Pound in New York

Oct 10	—Latest—	— Prev. close —
£ spot	1.5665	1.5650
1 mth	1.5648	1.5648
3 mth	1.5627	1.5641
1 yr	1.5596	1.5608

■ OTHER CURRENCIES

Oct 10	£	$
Czech Rp	42.4328 - 42.4987	27.0800 - 27.1260
Hungary	243.466 - 243.853	155.430 - 155.530
Iran	4698.80 - 4697.70	3000.00 - 3000.00
Kuwait	0.4696 - 0.4700	0.2998 - 0.3000
Poland	4.3942 - 4.3993	2.8062 - 2.8082
Russia	8505.87 - 8514.47	5432.00 - 5435.00
U.A.E.	5.7512 - 5.7541	3.6725 - 3.6730

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POUND SPOT FORWARD AGAINST THE POUND

Oct 10		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.8557	+0.0332	480 - 634	16.8695	16.8036	16.8122	3.1	16.7567	2.4	-	-	104.8
Belgium	(BFr)	49.3588	+0.0829	399 - 777	49.4030	49.2220	49.2388	2.9	49.0138	2.8	47.9938	2.8	105.0
Denmark	(DKr)	9.1786	+0.017	736 - 836	9.1909	9.1539	9.1613	2.3	9.1297	2.1	8.9914	2.0	107.4
Finland	(FM)	7.1829	+0.0204	554 - 703	7.1750	7.1400	-	-	-	-	-	-	85.0
France	(FFr)	8.0999	+0.0165	973 - 025	8.1090	8.0811	8.0832	2.5	8.0525	2.3	7.9146	2.3	108.7
Germany	(DM)	2.3960	+0.0047	950 - 969	2.3995	2.3884	2.3905	2.8	2.3782	2.8	2.3293	2.6	107.8
Greece	(Dr)	376.119	+0.842	957 - 282	378.811	373.428	-	-	-	-	-	-	67.8
Ireland	(I£)	0.9747	-0.0016	741 - 753	0.9775	0.9740	0.9745	0.2	0.9742	0.2	0.9714	0.3	100.2
Italy	(L)	2385.18	+2.35	471 - 765	2389.04	2381.21	2391.23	-2.5	2399.78	-2.3	2421.18	-1.5	77.5
Luxembourg	(LFr)	49.3588	+0.0829	399 - 777	49.4030	49.2220	49.2388	2.9	49.0138	2.8	47.9938	2.8	105.0
Netherlands	(Fl)	2.6867	+0.0019	855 - 878	2.6900	2.6807	2.6797	3.1	2.6664	3.0	2.6079	2.9	108.2
Norway	(NKr)	10.1867	+0.0221	804 - 009	10.2346	10.1813	10.1857	1.2	10.1742	0.6	10.1222	0.7	98.4
Portugal	(Es)	242.503	+0.506	370 - 635	242.837	241.783	242.748	-1.2	243.128	-1.0	-	-	95.8
Spain	(Pta)	201.663	+0.453	594 - 731	201.891	201.130	201.863	-1.2	202.198	-1.1	202.913	-0.6	80.1
Sweden	(SKr)	10.3297	+0.0274	208 - 385	10.3548	10.3052	10.3289	0.1	10.327	0.1	10.3185	0.1	90.8
Switzerland	(SFr)	1.9810	+0.0015	597 - 622	1.9844	1.9564	1.9535	4.6	1.9397	4.3	1.8786	4.2	110.0
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	87.2
Ecu	-	1.2518	+0.0021	512 - 523	1.2534	1.2498	1.25	1.8	1.2465	1.7	1.2288	1.8	-
SDR†	-	1.087260	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5660	+0.0017	656 - 664	1.5670	1.5627	-	-	-	-	-	-	-
Brazil	(R$)	1.6050	+0.0035	044 - 056	1.6057	1.6001	-	-	-	-	-	-	-
Canada	(C$)	2.1165	-0.002	157 - 174	2.1184	2.1080	2.113	2.1	2.1058	2.0	2.0796	1.7	85.4
Mexico	(New Peso)	11.8270	+0.0072	198 - 344	11.8345	11.8702	-	-	-	-	-	-	-
USA	($)	1.5663	+0.0018	659 - 666	1.5670	1.5628	1.5656	0.5	1.5649	0.4	1.5606	0.4	97.3
Pacific/Middle East/Africa													
Australia	(A$)	1.9858	+0.0038	847 - 868	1.9883	1.9808	1.9874	-1.0	1.9898	-0.8	1.9957	-0.5	93.7
Hong Kong	(HK$)	12.1110	+0.0142	075 - 145	12.1160	12.0859	12.1069	0.4	12.104	0.2	12.1151	0.0	-
India	(Rs)	56.0582	+0.2816	304 - 819	56.3820	55.7080	-	-	-	-	-	-	-
Israel	(Shk)	4.9997	+0.0081	946 - 047	5.0050	4.9919	-	-	-	-	-	-	-
Japan	(Y)	174.285	-0.133	205 - 363	174.480	173.860	173.435	5.9	171.825	5.6	165.04	5.3	131.3
Malaysia	(M$)	3.9243	+0.0053	228 - 258	3.9280	3.9173	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2616	+0.0073	602 - 629	2.2633	2.2578	2.2694	-4.1	2.2833	-3.8	2.3218	-2.7	109.5
Philippines	(Peso)	41.1297	+0.0381	422 - 172	41.2243	41.0391	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8742	+0.0065	726 - 758	5.8767	5.8620	-	-	-	-	-	-	-
Singapore	(S$)	2.2077	+0.0019	064 - 089	2.2090	2.2037	-	-	-	-	-	-	-
South Africa	(R)	7.1327	+0.0298	272 - 382	7.1454	7.1054	-	-	-	-	-	-	-
South Korea	(Won)	1282.60	-15.07	449 - 072	1299.34	1273.99	-	-	-	-	-	-	-
Taiwan	(T$)	43.0719	+0.0481	466 - 972	43.0978	42.9954	-	-	-	-	-	-	-
Thailand	(Bt)	39.8611	+0.0578	443 - 778	39.8780	39.7640	-	-	-	-	-	-	-

† Rates for Oct 9. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 10		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P. Morgan Index
Europe													
Austria	(Sch)	10.7618	+0.0091	593 - 643	10.7800	10.7320	10.742	2.2	10.7018	2.2	10.5068	2.4	104.5
Belgium	(BFr)	31.5140	+0.005	090 - 190	31.5570	31.4310	31.449	2.5	31.3165	2.5	30.8965	2.6	105.8
Denmark	(DKr)	5.8603	+0.0044	565 - 620	5.8709	5.8482	5.8514	1.8	5.833	1.9	5.7513	1.8	106.8
Finland	(FM)	4.5733	+0.0078	685 - 770	4.5830	4.5605	4.5645	2.3	4.5457	2.4	4.4633	2.4	84.5
France	(FFr)	5.1715	+0.0047	710 - 720	5.1812	5.1600	5.1627	2.0	5.1447	2.1	5.0625	2.1	108.3
Germany	(DM)	1.5298	+0.0013	295 - 300	1.5325	1.5260	1.5268	2.4	1.5202	2.5	1.49	2.6	107.3
Greece	(Dr)	240.140	+0.27	090 - 190	241.090	238.890	241.595	-7.3	244.295	-6.9	255.29	-6.3	67.3
Ireland	(I£)	1.6069	+0.0043	063 - 075	1.6085	1.6010	1.6066	0.2	1.6063	0.1	1.6031	0.2	-
Italy	(L)	1523.50	-0.2	290 - 410	1526.25	1520.81	1527.3	-3.0	1533.25	-2.6	1548.75	-1.7	77.1
Luxembourg	(LFr)	31.5140	+0.005	090 - 190	31.5570	31.4310	31.449	2.5	31.3165	2.5	30.8965	2.6	105.8
Netherlands	(Fl)	1.7154	+0.0007	150 - 157	1.7187	1.7121	1.7118	2.7	1.7036	2.6	1.6661	2.8	105.7
Norway	(NKr)	6.5006	+0.0068	077 - 115	6.5495	6.4942	6.5058	0.7	6.5002	0.6	6.4746	0.5	97.8
Portugal	(Es)	154.830	+0.15	780 - 880	154.990	154.550	155.035	-1.6	155.33	-1.5	156.105	-0.8	96.0
Spain	(Pta)	128.755	+0.145	740 - 770	128.950	128.420	128.935	-1.7	129.195	-1.4	129.86	-0.9	79.9
Sweden	(SKr)	6.5952	+0.0102	910 - 993	6.6144	6.5804	6.5924	0.5	6.5826	0.8	6.5352	0.9	90.5
Switzerland	(SFr)	1.2520	-0.0005	515 - 525	1.2552	1.2504	1.2478	4.2	1.2392	4.1	1.2015	4.0	110.3
UK	(£)	1.5663	+0.0017	659 - 666	1.5670	1.5629	1.5655	0.5	1.5648	0.4	1.5605	0.4	86.7
Ecu	-	1.2512	-0.0007	510 - 515	1.2530	1.2490	1.2526	-1.3	1.2557	-1.4	1.2723	-1.7	-
SDR†	-	0.69496	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.0248	+0.0011	246 - 249	1.0250	1.0238	-	-	-	-	-	-	-
Canada	(C$)	1.3514	-0.0028	511 - 516	1.3530	1.3460	1.3496	1.6	1.3455	1.7	1.3309	1.5	84.5
Mexico	(New Peso)	7.5150	+0.0375	120 - 180	7.6180	7.6080	7.733	-18.8	7.9995	-20.2	8.86	-16.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	98.2
Pacific/Middle East/Africa													
Australia	(A$)	1.2678	+0.0009	674 - 682	1.2689	1.2673	1.2693	-1.4	1.2712	-1.1	1.2767	-0.7	95.2
Hong Kong	(HK$)	7.7325	+0.0005	320 - 330	7.7331	7.7319	7.7324	0.0	7.7329	0.0	7.744	-0.1	-
India	(Rs)	35.7900	+0.14	900 - 900	36.0000	35.5870	36.005	-7.2	36.485	-7.5	-	-	-
Israel	(Shk)	3.1921	+0.0014	896 - 946	3.1956	3.1883	-	-	-	-	-	-	-
Japan	(Y)	111.275	-0.21	250 - 300	111.450	111.110	110.77	5.4	109.775	5.4	105.56	5.1	131.5
Malaysia	(M$)	2.5055	+0.0005	050 - 060	2.5070	2.5040	2.5084	-1.4	2.5137	-1.3	2.535	-1.2	-
New Zealand	(NZ$)	1.4439	+0.0053	434 - 445	1.4463	1.4433	1.4494	-4.6	1.4537	-2.7	1.4652	-2.9	-
Philippines	(Peso)	26.2600	-0.005	100 - 100	26.3200	26.2100	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	503 - 507	3.7508	3.7502	3.7508	-0.1	3.7512	-0.1	3.7581	-0.1	-
Singapore	(S$)	1.4095	-0.0004	090 - 100	1.4105	1.4087	1.4073	1.9	1.4027	1.9	1.3815	2.0	-
South Africa	(R)	4.5540	+0.014	515 - 565	4.5640	4.5350	4.5947	-10.7	4.6697	-10.2	4.9845	-9.5	-
South Korea	(Won)	818.900	-10.55	900 - 900	830.300	812.900	-	-	-	-	-	-	-
Taiwan	(T$)	27.5000	-	900 - 100	27.5100	27.4900	27.5001	0.0	27.5003	0.0	-	-	-
Thailand	(Bt)	25.4500	+0.0085	450 - 550	25.4560	25.4220	25.54	-4.2	25.7075	-4.0	26.345	-3.5	-

† SDR rate per $ for Oct 9. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Oct 9: Base average 1990=100.

WORLD INTEREST RATES

MONEY RATES

October 10	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00	2.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.00	2.50	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	4.75
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.35	-	4.75
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.50	2.50	3.00
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.50	2.50	3.00
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	8.25	8.36
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	8.25	8.36
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.00	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5 7/16	5 17/32	5 5/8	5 7/8	-	-	-
week ago	-	5 3/8	5 1/2	5 5/8	5 7/8	-	-	-
US Dollar CDs	-	5.11	5.17	5.25	5.46	-	-	-
week ago	-	5.11	5.22	5.35	5.62	-	-	-
ECU Linked Ds	-	4 1/2	4 1/2	4 1/2	4 1/2	-	-	-
week ago	-	4 1/2	4 5/16	4 5/16	4 3/8	-	-	-
SDR Linked Ds	-	3 1/2	3 5/8	3 5/8	3 3/4	-	-	-
week ago	-	3 1/2	3 1/2	3 5/8	3 3/4	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.

Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Oct 10	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3 1/8 - 2 31/32	3 1/8 - 2 31/32	3 3/32 - 2 31/32	3 1/8 - 3	3 5/32 - 3 1/16	3 9/32 - 3 5/32
Danish Krone	3 11/32 - 3 1/4	3 19/32 - 3 1/2	3 21/32 - 3 15/32	3 11/16 - 3 17/32	3 3/4 - 3 5/8	3 7/8 - 3 11/16
D-Mark	3 3/16 - 3 1/16	3 1/32 - 2 31/32	3 1/32 - 2 31/32	3 1/32 - 2 31/32	3 3/32 - 2 31/32	3 5/16 - 3 3/16
Dutch Guilder	3 1/8 - 3	2 15/16 - 2 13/16	2 13/16 - 2 3/4	2 7/8 - 2 23/32	2 7/8 - 2 25/32	3 1/32 - 2 31/32
French Franc	3 7/8 - 3 5/8	3 7/16 - 3 5/16	3 1/2 - 3 3/8	3 17/32 - 3 13/32	3 9/16 - 3 7/16	3 11/16 - 3 17/32
Portuguese Esc.	7 5/32 - 7 1/16	7 3/16 - 7 1/32	7 1/32 - 6 31/32	6 15/16 - 6 27/32	6 27/32 - 6 3/4	6 13/16 - 6 11/16
Spanish Peseta	6 29/32 - 6 7/8	6 29/32 - 6 27/32	6 15/16 - 6 13/16	6 13/16 - 6 11/16	6 23/32 - 6 17/32	6 5/8 - 6 1/2
Sterling	5 3/8 - 5 1/8	5 13/16 - 5 11/16	5 27/32 - 5 13/16	5 15/16 - 5 7/8	6 - 5 15/16	6 3/16 - 6 3/32
Swiss Franc	1 5/8 - 1 1/2	1 3/16 - 1 1/16	1 3/16 - 1 1/16	1 5/8 - 1 1/2	1 5/8 - 1 1/2	1 11/16 - 1 9/16
Can. Dollar	3 15/16 - 3 3/4	3 3/4 - 3 5/16	3 15/32 - 3 15/32	3 19/32 - 3 15/32	3 11/16 - 3 9/16	3 15/16 - 3 13/16
US Dollar	5 1/2 - 5 1/4	5 13/32 - 5 9/32	5 15/32 - 5 3/8	5 1/2 - 5 3/8	5 5/8 - 5 1/2	5 29/32 - 5 21/32
Italian Lira	8 7/16 - 8 5/16	8 3/8 - 8 1/8	8 5/16 - 8 3/16	8 1/32 - 7 31/32	7 27/32 - 7 3/4	7 17/32 - 7 13/32
Yen	1/2 - 3/8	7/16 - 5/16	7/16 - 5/16	7/16 - 5/16	15/32 - 3/8	5/8 - 1/2
Asian $Sing	3 3/16 - 3 1/16	3 1/4 - 3 1/8	3 1/4 - 3 1/8	3 5/16 - 3 3/16	3 5/16 - 3 3/16	3 1/2 - 3 3/8

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate (FFr 5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.41	96.38	-0.05	96.43	96.37	20,832	69,136
Mar	96.42	96.37	-0.06	96.42	96.35	14,232	40,133
Jun	96.40	96.35	-0.07	96.41	96.34	10,489	27,306

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.87	96.86	-0.01	96.88	96.85	25105	211279
Mar	96.85	96.84	-0.01	96.87	96.82	34889	209951
Jun	96.77	96.74	-0.02	96.78	96.72	29109	161779
Sep	96.59	96.58	-0.02	96.62	96.55	21963	140266

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	92.35	92.37	-	92.39	92.31	19206	65920
Mar	92.95	92.96	-0.01	92.97	92.88	12540	43857
Jun	93.27	93.26	-0.04	93.29	93.21	4217	31413
Sep	93.36	93.36	-0.04	93.39	93.31	3048	23339

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	98.38	98.34	-0.04	98.40	98.33	7942	39593
Mar	98.35	98.31	-0.05	98.36	98.29	3137	24915
Jun	98.23	98.19	-0.06	98.25	98.18	1202	12140
Sep	98.00	97.96	-0.06	98.01	97.96	472	4293

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99.41	99.41	-0.01	99.41	99.41	150	0
Mar		99.32	-0.01			0	0
Jun	99.19	99.19	-	99.19	99.19	450	0

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.89	95.88	-0.02	95.91	95.86	1496	8413
Mar	95.90	95.90	-0.01	95.92	95.85	989	4013
Jun	95.89	95.90	-0.01	95.92	95.85	149	2551
Sep	95.84	95.85	-0.01	95.86	95.79	194	2195

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Oct 10		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.60	16.41	4.854	1.975	4838	5.446	20.68	491.5	408.6	20.95	3.975	2.026	4.289	3.175	353.1	2.536
Denmark	(DKr)	53.77	10	8.824	2.610	1.062	2602	2.928	11.11	264.3	219.7	11.26	2.137	1.089	2.306	1.707	189.9	1.364
France	(FFr)	60.94	11.33	10	2.958	1.204	2948	3.319	12.59	299.5	249.0	12.77	2.422	1.235	2.614	1.935	215.2	1.546
Germany	(DM)	20.60	3.831	3.381	1	0.407	996.7	1.122	4.257	101.3	84.18	4.316	0.819	0.417	0.884	0.654	72.75	0.523
Ireland	(I£)	50.63	9.414	8.306	2.457	1	2449	2.757	10.46	248.8	206.9	10.61	2.012	1.026	2.171	1.607	178.8	1.284
Italy	(L)	2.067	0.384	0.339	0.100	0.041	100.	0.113	0.427	10.16	8.446	0.433	0.082	0.042	0.089	0.066	7.299	0.052
Netherlands	(Fl)	18.36	3.415	3.013	0.891	0.363	888.4	1	3.795	90.25	75.04	3.847	0.730	0.372	0.788	0.583	64.84	0.466
Norway	(NKr)	48.39	8.999	7.941	2.349	0.956	2341	2.635	10	237.8	197.7	10.14	1.924	0.980	2.075	1.536	170.9	1.227
Portugal	(Es)	20.35	3.784	3.339	0.988	0.402	984.3	1.108	4.204	100.	83.14	4.262	0.809	0.412	0.873	0.646	71.85	0.516
Spain	(Pta)	24.47	4.551	4.016	1.188	0.483	1184	1.333	5.057	120.3	100.	5.126	0.973	0.496	1.050	0.777	86.42	0.621
Sweden	(SKr)	47.74	8.877	7.834	2.317	0.943	2309	2.600	9.865	234.6	195.1	10	1.897	0.967	2.047	1.515	168.6	1.211
Switzerland	(SFr)	25.16	4.678	4.128	1.221	0.497	1217	1.370	5.199	123.6	102.8	5.270	1	0.510	1.079	0.799	88.84	0.638
UK	(£)	49.36	9.179	8.100	2.396	0.975	2388	2.688	10.20	242.6	201.7	10.34	1.962	1	2.117	1.567	174.3	1.252
Canada	(C$)	23.32	4.336	3.826	1.132	0.461	1128	1.270	4.818	114.6	95.28	4.884	0.927	0.472	1	0.740	82.33	0.591
US	($)	31.50	5.858	5.169	1.529	0.622	1524	1.715	6.509	154.8	128.7	6.599	1.252	0.638	1.351	1	111.2	0.799
Japan	(Y)	28.32	5.268	4.647	1.375	0.559	1370	1.542	5.852	139.2	115.7	5.932	1.128	0.574	1.215	0.899	100.	0.718
Ecu		39.42	7.331	6.470	1.914	0.779	1907	2.147	8.147	193.8	161.1	8.259	1.567	0.799	1.691	1.252	139.2	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6573	0.6563	-0.0007	0.6580	0.6552	14,675	66,724
Mar	0.6601	0.6602	-0.0010	0.6602	0.6600	56	1,695
Jun	-	0.6653	-	-	-	23	2,147

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.9046	0.9063	+0.0022	0.9077	0.9044	8,145	74,155
Mar	-	0.9175	+0.0017	0.9175	-	196	1,863
Jun	-	0.9295	+0.0020	0.9295	-	3	199

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8033	0.8040	+0.0008	0.8052	0.8033	13,974	44,568
Mar	0.8116	0.8118	+0.0006	0.8118	0.8116	51	1,695
Jun	-	0.8195	-	-	-	11	607

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.5640	1.5642	+0.0002	1.5660	1.5622	3,322	44,673
Mar	1.5644	1.5660	+0.0026	1.5660	1.5644	2	93
Jun	-	1.5628	-	-	-	4	2

UK INTEREST RATES

LONDON MONEY RATES

Oct 10	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local authority deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Market deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK clearing bank base lending rate 5¾ per cent from June 6, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5	5	5	4¾

[illegible]

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.05	93.98	-0.07	94.05	93.95	34060	107333
Mar	93.91	93.80	-0.12	93.91	93.75	61562	77235
Jun	93.71	93.57	-0.16	93.71	93.51	38344	74660
Sep	93.50	93.35	-0.15	93.50	93.28	22023	44102
Dec	93.26	93.10	-0.16	93.29	93.08	12221	33567

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
[illegible]	0.28	0.22	0.22	0.03	0.17	0.40
[illegible]	0.09	0.11	0.13	0.10	0.31	0.56
[illegible]	0.01	0.04	0.07	0.28	0.49	0.75

Est. vol. total, Calls 7481 Puts 18249. Previous day's open int., Calls 113568 Puts 127031

EMS EUROPEAN CURRENCY UNIT RATES

Oct 10	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.792214	0.782018	-0.00153	-1.29	2.70	9
Portugal	195.792	194.388	+0.141	-0.72	2.11	5
Spain	162.493	161.662	+0.124	-0.51	1.90	4
Netherlands	2.15214	2.15499	-0.00094	0.13	1.25	-1
Belgium	39.3960	39.5750	+0.0036	0.45	0.92	-3
Austria	13.4383	13.5144	-0.0038	0.57	0.81	-4
Germany	1.91007	1.92105	-0.00032	0.57	0.80	-6
Denmark	7.28580	7.35831	-0.00123	1.01	0.37	-7
France	6.40608	6.49443	+0.00091	1.38	0.00	-12
NON ERM MEMBERS						
Greece	292.867	301.610	+0.182	2.99	-1.56	-
Italy	2106.15	1913.33	+4.35	-9.16	11.60	-
UK	0.786652	0.801250	-0.000971	1.86	-0.47	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.

(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Oct	Nov	Dec	PUTS Oct	Nov	Dec
1.540	2.45	2.51	2.66	-	0.07	0.30
1.550	1.45	1.69	1.97	-	0.25	0.56
1.560	0.50	1.01	1.36	-	0.57	0.94
1.570	-	0.53	0.87	0.48	1.09	1.46
1.580	0.05	0.22	0.52	1.42	1.78	2.10

Previous day's vol., Calls 7,085 Puts 6,045 . Prev. day's open int., Calls 145,370 Puts 127,057

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.35	94.34	-0.01	94.35	94.32	67,299	489,380
Mar	94.24	94.23	-0.02	94.26	94.21	90,979	378,432
Jun	94.10	94.07	-0.03	94.11	94.06	49,526	272,249

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.88	94.87	-0.03	94.87	94.86	187	4,281
Mar	94.78	94.79	+0.01	94.78	94.75	35	1,624
Jun	-	94.62	-	-	94.59	112	876

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Oct	Nov	Dec	Mar	PUTS Oct	Nov	Dec	Mar
9675	0.11	0.13	0.14	0.20	0	0.02	0.03	0.11
9700	0.01	0.01	0.03	0.08	0.15	0.15	0.17	0.24
9725	0	0	0	0.03	0.39	0.39	0.39	0.44

Est. vol. total, Calls 13365 Puts 1183. Previous day's open int., Calls 385931 Puts 293106

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
9850	0.05	0.14	0.16	0.21	0.33	0.47
9875	0.02	0.06	0.07	0.43	0.50	0.63

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 4553 Puts 2050

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
9225	0.27	0.81	1.13	0.15	0.10	0.12
9250	0.14	0.60	0.93	0.27	0.14	0.17
9275	0.06	0.43	0.75	0.44	0.22	0.24

Est. vol. total, Calls 3795 Puts 4560. Previous day's open int., Calls 91686 Puts 46980

BASE LENDING RATES

	%		%		%
Adam & Company	5.75	Cyprus Popular Bank	5.75	NatWestminster	5.75
Allied Trust Bank	5.75	Duncan Lawrie	5.75	Rea Brothers	5.75
AIB Bank	5.75	Exeter Bank Limited	6.75	Royal Bk of Scotland	5.75
Henry Ansbacher	5.75	Financial & Gen Bank	7.00	Singer & Friedlander	5.75
Bank of Baroda	5.75	Robert Fleming & Co	5.75	Smith & Williamson Secs	5.75
Banco Bilbao Vizcaya	5.75	Girobank	5.75	Scottish Widows Bank	5.75
Bank of Cyprus	5.75	Guinness Mahon	5.75	TSB	5.75
Bank of Ireland	5.75	Habib Bank AG Zurich	5.75	United Bank of Kuwait	5.75
Bank of India	5.75	Hambros Bank	5.75	Unity Trust Bank Plc	5.75
Bank of Scotland	5.75	Heritable & Gen Inv Bk	5.75	Western Trust	5.75
Barclays Bank	5.75	Hill Samuel	5.75	Whiteaway Laidlaw	5.75
Brit Bk of Mid East	5.75	C. Hoare & Co	5.75	Yorkshire Bank	5.75
Brown Shipley & Co Ltd	5.75	Hongkong & Shanghai	5.75		
Citibank NA	5.75	Julian Hodge Bank	5.75	● Members of London Investment Banking Association	
Clydesdale Bank	5.75	Leopold Joseph & Sons	5.75	* In administration	
The Co-operative Bank	5.75	Lloyds Bank	5.75		
Coutts & Co	5.75	Midland Bank	5.75		
Crédit Lyonnais	5.75	Mount Credit Corp	6.00		

Four killed at Chile's newest copper mine

By Imogen Mark in Santiago and Kenneth Gooding in London

Four building workers have been killed in a tunnel collapse at Chile's newest copper mine, the US$1bn El Abra, a joint venture between Cyprus Amax of the US, which is operating the mine, and Codelco, the state owned Chilean group.

Cyprus said last night that, although this had stopped ore from being moved from the mine to stockpiles, production of copper was continuing. Last night it was trying to discover what caused the collapse and for how long production could continue.

News of the incident, which happened on Wednesday, helped to lift the copper price on the London Metal Exchange yesterday. Traders said it underlined the market's present vulnerability to supply disruptions. Some said the project might suffer more teething troubles. Copper for delivery in three months on the LME closed at $1,957.50 a tonne, up $33.

Cyprus won an auction to buy 51 per cent of El Abra in 1994 and paid $330m. It also agreed to lend the venture $299m and to guarantee bank finance of $699m for the development of a mine and for associated plant.

The company said last night that a tunnel, 300m long, covering the last segment of a conveyor system that carries ore from the mine to crushers, had collapsed. At the time 15 people working for a local contractor, Parina, were compacting soil on top of the tunnel. Four were unable to escape and were killed. Local reports suggest that a length of the metal roof of the tunnel gave way, possibly because heavy machinery had been moved on to it.

Cyprus said El Abra had substantial ore stockpiles heaped on leach pads waiting to be processed. The facility uses the solvent-extraction, electro-winning technique to produce very low-cost copper.

The mine started up in August, six months ahead of schedule, and Cyprus said yesterday it was nearing design capacity of 226,000 tonnes a year.

Phillips Petroleum to pull out of PNG

By Nikki Tait in Sydney

Phillips Petroleum of the US is pulling out of Papua New Guinea, the resource-rich but economically-troubled Pacific island state, where it has been involved oil and gas exploration since the late-1960s.

In Port Moresby, the capital, Mr Olav Malvik, managing director of Phillips Petroleum Niugini, confirmed the decision to withdraw from all interests and operations. Phillips had notified the PNG government verbally, he added.

Mr Malvik declined to be drawn on the reasons, saying only that "there were a whole series of items which all added together". However, in a statement to the Australian Stock Exchange, Mosaic Oil, a junior partner in the Phillips-operated project in the Papuan foreland area, claimed that the reasons were "non-technical".

There were suggestions yesterday that the company was unhappy with the shifting legal framework governing mining and energy exploration in PNG – in particular, aspects of the system under which PNG government can acquire a 22.5 per cent stake in petroleum development.

Phillips refused to comment on this, although Mr Malvik said he did not believe there was any scope for negotiation.

The withdrawal of a relatively large energy company from PNG may further cloud investment sentiment towards the resource-rich country, which has been beset by economic and political uncertainties recently. Investors were shaken three years ago when the PNG government decided it wanted a larger slice of the rich Porgera gold mine – although compensation agreements with the existing joint venture partners were eventually agreed.

The move comes at a sensitive time as Orogen Minerals, the investment company that holds the Papua New Guinea government's stakes in many of country's larger resource projects, is in the throes of a stockmarket flotation. The PNG government, meanwhile, has been locked in negotiations with the World Bank over access to the second US$158m tranche of a financial support package.

Phillips has been involved with PNG on two occasions – from the late-1960s to the 1970s, and then again from the late-1980s. Its largest current interest was a 52 per cent stake in the PPL163 licence area, where it was also operator. Its two joint venture partners – Mosaic and Kerr McGee Corporation – will not pick up Philips' interest at no extra cost, taking their stakes to 20 per cent and [illegible] per cent.

They said yesterday that the situation would be discussed with potential farm-in partners, and that indicative well costs for three prospects were being prepared. Sunk costs to date in the licence area (and its predecessor) are put at around US$5m.

Phillips head office in Bartlesville, Oklahoma, said the company was "currently evaluating its position" in Papua New Guinea.

Chevron of the US and International Petroleum Corporation have agreed to join forces to look at the feasibility of building a gas pipeline from Papua New Guinea to Queensland in Australia, writes Nikki Tait.

If the project went ahead it would probably cost well over of A$1bn (US$825m). However, the companies said it would "ensure the broadest possible base of PNG gas" for the potential pipeline system, and thus enhanced its prospects.

IPC is the operator of the Pandora gas project in the Papua Gulf, offshore of PNG, where gas has been discovered but development has yet to go ahead. Chevron operates the large onshore Kutubu field. The rationale for the pipeline is that it could provide energy for northern Queensland's mines and smelting facilities, by early next century.

Lower sugar prices seen

A large production surplus in 1996-97 is likely to result in world sugar prices drifting lower, the International Sugar Organisation says in its latest market report.

The downward pressure is at present being cushioned by supply tightness for standard quality white sugar, concern about Brazilian supplies and expectations of higher Russian import demand, it says. "Nevertheless, we expect that the bearish fundamental situation will eventually overcome these limiting factors so that the world market enters a period of lower prices, close to the long term average of around 10 cents a pound." Nearby futures prices in New York are at present just below 10.8 cents a pound.

The ISO expects world production to be 123.8m tonnes (raw value) in 1996-97, some 200,000 tonnes above the 1995-96 figure, while consumption is seen rising by 2.7m tonnes to 121.3m.

Privatisation plan fails to end St Lucian banana strike

By Canute James in Kingston

A plan by the St Lucian government to privatise the banana industry has failed to end a strike by a rebel farmers union, which says it will press for more changes in the industry. The strike, in its second week, has hit exports of bananas from the Windward Islands, the main source of UK imports.

Armed police have been escorting vehicles carrying bananas to St Lucian ports, as farm buildings and fields have been damaged in several incidents linked to the strike. A group of farmers opposed to the strike has confronted the rebel Banana Salvation Committee, which is asking for more control of the industry by farmers.

Mr Vaughan Lewis, the prime minister of St Lucia, said control of the island's Banana Association would be given to the private sector. He said the move should end the strike and outbreaks of violence.

Mr Patrick Joseph, leader of the salvation committee, who was among members of the union arrested and then released, said he welcomed the government's plan to privatise. He added, however, that the arrest of the farmers had led the union to press for more sweeping changes in the industry.

In addition to changes in its management and structure, the salvation committee wants to be allowed to sell its fruit to Chiquita Brands of the US. Farmers are contractually bound to sell fruit to Wibdeco, the regional marketing agency for the Windward Islands. St Lucian government officials have said Chiquita Brands is behind the strike, but this has been denied by Mr Joseph. Chiquita has not commented on the charges.

Police have used teargas and rubber bullets to disperse groups of striking farmers, and of those who are opposed to the strike. Farmers have been hurt in some clashes.

Farmers opposed to the strike have formed an alternative organisation. Mr Alfa Celestine, leader of the group, said the salvation's committee's motives were "suspect". Several farmers had been forced to withhold fruit which was ready for export, and were "getting desperate" because of the loss of earnings, Mr Celestine said.

Mr Arnheim Eustace, chairman of Wibdeco, said that all four Windward Islands – Dominica, Grenada, St Lucia and St Vincent – were being affected by the strike as farmers were receiving less money for their fruit.

Aluminium price recovery forecast

By Kenneth Gooding, Mining Correspondent

As aluminium prices on the London Metal Exchange yesterday fell to the lowest level for two and a half years analysts were suggesting that recovery was not far away. However, there was no unanimity about how far that recovery would take prices.

Aluminium for delivery in three months on the LME has dropped in price by 25 per cent since the start of this year. On the first trading day of 1996 it was $1,700 a tonne. Yesterday it fell to $1,305 in early trading, before staging a late rally to close at $1,333.50.

Traders said the recent price weakness was caused by heavy selling by US banks at a time when aluminium consumers – the metal is used mainly by the construction, transport and packaging industries – were standing aside.

Consumers built up stocks heavily in the early part of the year in the expectation of increased demand. But the European economy failed to pick up and demand for the metal has been flat. Consumers have therefore been living from hand to mouth and using up their stocks.

Nevertheless, some analysts insist that the price has fallen much further than is justified by the fundamental market situation. "When the aluminium price was last at these levels, in May, 1994, LME stocks were 2.6m tonnes – 1.63m tonnes higher than the present 967,000 tonnes," Mr Nick Moore, analyst at the Flemings Global Mining Group, pointed out. In May 1994 total stocks were equivalent to 15.5 weeks of consumption. Today the ratio is 9.5 weeks.

Mr Kevin Crisp, analyst at J.P. Morgan, the financial services group, said at the LME Metals Week Seminar on Monday that "the tide for aluminium is already turning. The recent fall in the price is only fog on the road. Prices will rise – and more so in 1998".

He predicted an average aluminium price of $1,524 a tonne this year would rise to $1,650 next year.

Analysts at Rudolf Wolff, part of Canada's Noranda natural resources group, are more bullish than Mr Crisp. In Wolff's Metals Outlook 1997, published to coincide with Metals Week in London, they suggest aluminium prices "underpinned by increasing demand and a moderate supply deficit", can be expected to average $1,750 a tonne next year.

E.D. & F. Man's analyst, Mr Fred Demler, sees aluminium at $1,700 to $1,750 at one point next year, but the average for the year is likely to be $1,525, he says. In the meantime, Mr Demler suggests the price could slide as low as $1,275 before the end of this year before seasonal buying and slightly tighter supply begin to set the scene for recovery in 1997.

Brandeis (Brokers), the Pechiney subsidiary, has also produced a special Base Metals Outlook 1997 for Metals Week. Its analysts say: "The prospects are better for 1997 as an end to destocking is expected to coincide with stronger demand and better synchronised growth in the major economies, leading to a return to trend growth in consumption of 3.5 per cent". Brandeis sees the three-month aluminium price averaging $1,575 a tonne next year against $1,550 in 1996.

The Brandeis analysts add a warning that, because the aluminium market will be roughly in balance next year, small changes in the balance – or perceptions about that balance – will be more important in determining prices. Consequently, "price volatility, rather than decreasing, should remain a feature of the aluminium market next year."

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1300-01	1332-3
Previous	1286.5-87.5	1320-21
High/low	1304/1284	1332/1305
AM Official	1285-6	1317-7.5
Kerb close		1332-2.5
Open int.	220,543	
Total daily turnover	57,403	

ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1175-85	1200-05
Previous	1175-85	1200-05
High/low		1205/1190
AM Official	1165-70	1190-200
Kerb close		1200-05
Open int.	5,446	
Total daily turnover	833	

LEAD ($ per tonne)

	Cash	3 mths
Close	768-9	767-8
Previous	765-67	765-66
High/low		768/766
AM Official	768-8.5	767-7.5
Kerb close		767-8
Open int.	38,488	
Total daily turnover	5,598	

NICKEL ($ per tonne)

	Cash	3 mths
Close	7085-95	7195-205
Previous	6980-90	7090-100
High/low		7220/7090
AM Official	7025-35	7135-40
Kerb close		7200-05
Open int.	43,600	
Total daily turnover	7,123	

TIN ($ per tonne)

	Cash	3 mths
Close	6020-30	6075-80
Previous	5985-95	6040-50
High/low		6080/6035
AM Official	5995-6000	6050-55
Kerb close		6070-80
Open int.	15,261	
Total daily turnover	3,923	

ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1007.5-8.5	1033-3.5
Previous	1006-07	1032-33
High/low	1008.5/1006	1036/1031
AM Official	1005.5-6.0	1030.5-31.0
Kerb close		1033-34
Open int.	74,428	
Total daily turnover	51,680	

COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1973-5	1957-8
Previous	1933-34	1924-25
High/low	1954	1959/1929
AM Official	1953-4	1942-3
Kerb close		1957-8
Open int.	173,634	
Total daily turnover	62,535	

LME AM Official £/$ rate: 1.5658
LME Closing £/$ rate: 1.5650

Spot: 1.5656 3 mths: 1.5643 6 mths: 1.5631 9 mths: 1.5622

HIGH GRADE COPPER (COMEX)

	Latest price	Day's change	High	Low	Vol	Open int
Oct	93.20	+1.60	93.40	91.60	875	3,779
Nov	92.75	+1.95	92.80	91.00	260	2,038
Dec	92.25	+1.90	92.40	90.20	7,322	25,296
Jan	91.85	+1.75	90.30	89.30	19	1,336
Feb	91.45	+1.70	91.25	91.25	17	927
Mar	91.00	+1.65	91.20	89.10	590	9,369
Total					9,390	57,752

PRECIOUS METALS

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	382.00-382.30		
Opening	381.40-381.70		
Morning fix	381.60	243.974	477.572
Afternoon fix	381.75	243.727	477.607
Day's High	382.20-382.50		
Day's Low	381.40-381.70		
Previous close	381.35-381.65		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.5	6 months	3.68
2 months	3.90	12 months	3.71
3 months	3.72		

Silver Fix	p/troy oz.	US cts equiv.
Spot	317.70	497.50
3 months	322.05	503.85
6 months	326.30	510.10
1 year	335.30	523.20

Gold Coins	$ price	£ equiv.
Krugerrand	388-389	246-248
Maple Leaf	386.70-389.20	
New Sovereign	86-90	55-57

Precious Metals continued

GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	382.2	+1.0	381.4	381.3	8	26
Dec	384.5	+1.0	385.3	383.5	27,890	1,107k
Feb	386.8	+1.0	387.3	386.0	425	15,633
Apr	389.1	+1.0	389.3	388.4	362	10,735
Jun	391.5	+1.0	392.0	390.8	335	11,057
Aug	394.0	+1.1	393.2	393.2	19	4,112
Total					29,277	194,208

PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	390.4	+1.1	391.5	390.5	92	111
Jan	391.9	+0.9	393.4	391.5	2,761	20,277
Apr	394.6	+0.9	396.0	395.0	37	7,333
Jul	397.6	+0.9	396.0	396.0	421	921
Oct	401.1	+0.9	399.0	397.0	25	27
Total					2,893	28,869

PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	119.35	+0.85	119.50	118.50	268	7,625
Mar	120.35	+0.85	120.50	120.00	-	185
Jun	121.40	+0.85	-	-	-	115
Total					271	7,925

SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	502.2	+8.8	495.5	495.0	20	20
Dec	506.0	+8.7	509.5	495.5	22,416	68,449
Jan	508.2	+8.7	500.5	500.5	2	27
Mar	513.3	+8.8	517.0	503.0	1,512	10,699
May	518.1	+8.9	519.5	515.0	10	6,415
Jul	522.9	+9.0	525.0	518.0	10	4,966
Total					24,254	97,727

ENERGY

CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	24.45	-0.62	25.05	24.28	35,805	70,214
Dec	24.11	-0.58	24.75	23.96	23,459	80,005
Jan	23.62	-0.45	24.00	23.45	8,999	48,677
Feb	23.02	-0.40	23.38	22.90	4,342	31,164
Mar	22.45	-0.41	22.82	22.35	2,874	18,089
Apr	22.00	-0.37	22.35	21.87	1,937	14,656
Total					89,667	422,919

CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	23.60	-0.67	24.18	23.58	14,625	27,416
Dec	23.21	-0.56	23.75	23.19	14,505	62,971
Jan	22.67	-0.53	23.06	22.58	5,080	27,917
Feb	21.99	-0.51	22.38	21.90	4,519	18,758
Mar	21.26	-0.54	21.69	21.24	2,618	23,928
Apr	20.68	-0.51	21.10	20.68	700	7,492
Total						

HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	71.25	-2.72	74.00	70.90	18,597	41,222
Dec	70.90	-2.88	73.65	70.60	15,574	36,616
Jan	69.75	-2.23	72.00	69.55	6,613	25,816
Feb	67.50	-1.63	69.20	67.35	2,558	12,827
Mar	64.45	-1.28	65.40	64.30	1,330	8,390
Apr	60.80	-1.18	61.75	60.65	734	4,225
Total					46,884	146,184

GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	246.00	-	242.50	235.25	5,356	5,414
Nov	224.50	-13.75	235.00	224.00	11,548	26,834
Dec	219.00	-10.75	226.50	218.75	4,510	20,299
Jan	212.75	-8.25	218.50	212.75	3,796	14,278
Feb	203.75	-7.25	208.75	204.00	1,591	3,355
Mar	194.00	-7.00	198.50	194.25	285	4,872
Total					27,591	88,641

NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	2.400	-0.070	2.490	2.380	28,540	29,038
Dec	2.530	-0.074	2.590	2.480	14,010	28,524
Jan	2.560	-0.055	2.600	2.500	7,208	20,129
Feb	2.410	-0.056	2.465	2.375	2,384	10,909
Mar	2.280	-0.040	2.300	2.230	1,640	7,381
Apr	2.100	-0.040	2.140	2.065	990	5,246
Total					59,580	145,788

UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	64.10	-1.49	65.50	63.50	13,339	24,326
Dec	63.55	-1.63	65.05	63.10	6,917	15,339
Jan	63.00	-1.13	63.90	62.70	1,736	10,457
Feb	62.45	-1.18	63.00	62.45	382	3,413
Mar	63.00	-0.83	63.25	63.00	96	1,846
Apr	66.25	-	66.25	66.10	309	2,347
Total					22,879	59,284

GRAINS AND OIL SEEDS

WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	101.90	-0.50	102.35	102.25	120	1,600
Jan	103.85	-0.55	104.30	103.85	120	2,006
Mar	105.25	-0.45	105.65	105.25	153	1,458
May	106.90	-0.60	107.35	107.25	55	1,204
Jul	108.25	-0.50	108.75	108.50	38	138
Nov	100.00	-	100.00	99.75	23	47
Total					488	6,454

WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	424.00	-3.00	428.50	422.50	8,088	42,297
Mar	413.25	-2.00	416.50	412.00	2,707	15,648
May	394.50	-1.00	396.50	393.00	203	1,568
Jul	375.00	-2.00	378.00	373.50	805	7,396
Sep	380.00	+2.00	379.00	378.00	15	206
Dec	386.00	-	-	-	61	155
Total					11,818	67,314

MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	290.00	-3.75	294.00	289.50	26,738	165,950
Mar	296.75	-4.00	300.50	296.25	6,367	73,127
May	301.75	-4.50	306.00	301.50	3,463	33,223
Jul	305.25	-4.50	309.50	305.25	2,632	26,708
Sep	290.25	-3.25	293.50	290.00	39	3,089
Dec	286.25	-4.50	290.50	285.75	950	18,437
Total					40,195	320,968

BARLEY LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	101.25	-0.15	101.80	101.40	31	798
Jan	102.50	-0.40	102.90	102.65	35	710
Mar	103.75	-0.50	104.25	104.25	10	198
May	105.25	-0.50	105.75	105.75	20	95
Total					86	1,802

SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	730.25	-8.00	738.75	729.50	21,665	92,743
Jan	737.00	-8.50	746.25	736.00	5,656	34,558
Mar	743.25	-9.50	752.50	743.00	2,080	21,324
May	745.00	-9.00	753.00	744.00	925	13,927
Jul	745.75	-8.25	754.50	745.00	695	11,400
Aug	739.00	-8.00	742.50	742.00	44	347
Total					31,318	181,259

SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	23.30	-0.25	23.50	23.21	1,316	1,300
Dec	23.60	-0.28	23.95	23.52	7,087	52,152
Jan	23.89	-0.26	25.15	23.80	1,684	14,047
Mar	24.25	-0.24	24.53	24.13	1,296	14,704
May	24.56	-0.22	24.70	24.42	341	7,620
Jul	24.66	-0.22	24.90	24.68	100	2,168
Total					13,584	89,769

SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	248.7	-0.1	251.4	247.0	2,116	5,733
Dec	243.5	-1.7	245.3	243.0	8,490	45,560
Jan	241.0	-2.6	243.4	240.8	1,304	10,424
Mar	238.4	-2.7	240.9	238.0	1,075	14,176
May	235.2	-2.9	238.1	234.5	219	8,407
Jul	234.2	-3.0	236.5	234.0	257	3,562
Total					13,564	88,769

POTATOES LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	35.0	-	-	-	-	2
Mar	73.4	-1.0	-	-	-	-
Apr	74.0	-1.0	74.6	73.5	36	1,362
May	84.7	-1.0	-	-	-	17
Jun	93.2	-1.0	-	-	-	-
Total					36	1,381

FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	1145	+10	1145	1140	38	1,130
Nov	1219	+14	1220	1213	20	625
Jan	1234	+9	1239	1235	52	1,525
Apr	1254	+9	1257	1255	12	533
Jul	1106	+8	1105	1105	10	125
Oct	1230	-	1225	1225	-	29
Total					138	4,131

	Close	Prev
BFI	1054	1044

SOFTS

COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	983	+5	991	981	3,080	30,591
Mar	1014	+9	1019	1010	3,070	40,432
May	1028	+10	1030	1023	2,565	20,054
Jul	1040	+8	1042	1037	462	11,818
Sep	1053	+7	1055	1052	87	3,906
Dec	1062	+8	1065	1060	426	3,882
Total					12,575	133,161

COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	1402	+17	1405	1383	4,193	28,965
Mar	1430	+16	1432	1413	1,824	20,210
May	1445	+13	1445	1436	86	8,297
Jul	1460	+15	1460	1455	66	6,235
Sep	1475	+15	1475	1469	321	5,608
Dec	1500	+16	1494	1491	70	664
Total					6,590	79,086

COCOA (ICCO) (SDR's/tonne)

Oct 9	Price	Prev. day
Daily	1029.74	1021.99

COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	1523	-26	1545	1521	1,618	12,648
Jan	1471	-17	1482	1459	2,023	9,336
Mar	1442	-16	1445	1424	629	5,714
May	1432	-15	1425	1407	167	2,314
Jul	1418	-14	1417	1417	10	247
Sep	1415	-14	1417	1417	-	37
Total					4,443	30,299

COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	114.90	+1.35	115.40	112.60	8,122	15,231
Mar	106.80	+0.95	107.40	104.80	1,838	6,853
May	106.25	+1.10	106.60	104.50	240	2,461
Jul	106.00	+0.75	106.00	105.00	14	776
Sep	106.10	+0.85	-	-	15	281
Dec	106.50	+0.50	-	105.90	46	313
Total					10,236	25,958

COFFEE (ICO) (US cents/pound)

Oct 9		Prev. day
Comp. daily	99.66	98.65
15 day average	95.66	95.35

WHITE SUGAR LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	323.2	+1.2	323.2	321.5	653	9,806
Mar	320.8	+1.5	320.8	318.9	949	10,796
May	321.0	+1.7	320.5	319.5	91	3,800
Aug	322.7	+1.1	323.0	321.8	72	1,582
Oct	315.0	+1.0	315.0	313.8	88	943
Dec	317.4	+0.6	316.3	316.3	24	268
Total					1,858	27,474

SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	10.88	+0.10	10.89	10.69	7,026	85,678
May	10.84	+0.06	10.84	10.70	1,926	25,448
Jul	10.73	+0.05	10.74	10.64	1,443	16,965
Oct	10.73	+0.09	10.74	10.62	1,167	10,494
Mar	10.68	+0.09	10.70	10.60	403	3,101
May	10.67	+0.11	10.67	10.67	58	460
Total					12,380	142,588

COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	75.40	-0.83	76.40	75.15	4,984	30,395
Mar	76.65	-0.78	77.25	76.40	650	10,859
May	77.30	-0.80	77.80	77.10	166	6,449
Jul	77.80	-0.60	78.35	77.80	42	4,877
Oct	77.70	-0.40	78.10	77.60	35	1,022
Dec	77.15	-0.40	77.45	77.15	92	4,028
Total					6,044	58,050

ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	112.20	-1.00	112.90	111.20	544	6,499
Jan	106.15	-1.40	107.20	105.55	653	6,249
Mar	108.00	-1.40	108.80	107.60	33	2,876
May	109.85	-1.50	110.00	109.50	47	639
Jul	111.70	-1.70	111.75	111.50	100	512
Sep	114.00	-0.35	114.00	114.00	-	234
Total					1,377	17,100

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Oct	71.275	-0.150	71.800	70.950	4,442	13,417
Dec	65.725	+0.100	66.050	65.475	11,836	37,054
Feb	63.825	-0.075	64.150	63.625	2,749	18,327
Apr	65.675	-0.150	65.875	65.500	1,371	9,314
Jun	63.475	-0.100	63.675	63.350	1,407	4,444
Aug	63.175	-0.175	63.425	63.200	958	4,445
Total					23,520	88,947

LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Oct	59.625	-0.450	60.150	59.150	2,976	3,662
Dec	56.700	-0.800	57.650	56.550	5,677	18,988
Feb	77.900	-0.600	78.525	77.700	969	7,196
Apr	73.750	-0.250	74.200	73.550	427	2,978
Jun	77.850	-0.175	77.800	77.400	170	3,051
Jul	75.100	-0.050	75.100	74.700	73	688
Total					10,523	37,635

PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Feb	77.500	-1.025	78.850	76.850	2,180	5,497
Mar	77.500	-0.450	78.700	77.075	149	885
May	79.250	-0.550	79.800	78.300	58	318
Jul	79.475	-0.500	79.950	78.700	24	175
Aug	77.800	-	-	77.300	2	28
Total					2,411	6,903

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

ALUMINIUM (99.7%) LME	Nov	Feb	Nov	Feb
1300	38	84	19	33
1350	15	57	46	55
1400	5	37	85	84
COPPER (Grade A) LME	Nov	Feb	Nov	Feb
1900	103	140	83	57
1950	71	114	106	105
2000	47	92	133	167
COFFEE LIFFE	Nov	Jan	Nov	Jan
1500	35	59	12	88
1550	11	42	38	121
1600	2	29	79	158
COCOA LIFFE	Dec	Mar	Dec	Mar
975	33	64	31	34
1000	22	51	45	46
1025	15	40	63	60
BRENT CRUDE IPE	Nov	Dec	Nov	Dec
2350	-	-	13	-
2400	-	71	-	-
2450	-	-	-	-

LONDON SPOT MARKETS

CRUDE OIL FOB (per barrel)		+or-
Dubai	$21.58-1.68	-0.50
Brent Blend (dated)	$23.60-3.68	-0.94
Brent Blend (Nov)	$23.66-3.68	-0.84
W.T.I.	$24.38-4.42	-0.925
OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$221-223	-10
Gas Oil	$232-234	-14.5
Heavy Fuel Oil	$121-123	
Naphtha	$224-226	-5
Jet fuel	$258-260	-13.5
Diesel	$254-256	
NATURAL GAS (Pence/therm)		
Bacton (Nov)	13.10-3.20	-0.05

Petroleum Argus. Tel. London (0171) 359 8792

OTHER		
Gold (per troy oz)‡	$382.15	+0.65
Silver (per troy oz)‡	502.50c	+7.50
Platinum (per troy oz.)	$388.00	+3.75
Palladium (per troy oz.)	$117.25	
Copper	99.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14.91r	+0.06
Tin (New York)	281.50	+1.00
Cattle (live weight)	94.80p	+0.97*
Sheep (live weight)	112.53p	-1.58*
Pigs (live weight)†	99.39p	-4.26*
Lon. day sugar (raw)	$273.80	
Lon. day sugar (wte)	$331.00	+1.0
Barley (Eng. feed)	105.50	
Maize (US No3 Yellow)	126.50	-1.5
Wheat (US Dark North)	Unq	
Rubber (Nov)♥	83.75p	+0.50
Rubber (Dec)♥	83.75p	+0.50
Rubber (KL RSS No1)	311.0v	+0.5
Coconut Oil (Phil)§	$742.5z	
Palm Oil (Malay.)§	$477.0z	
Copra (Phil)§	$550.0	+26.0
Soyabeans (US)	218.0	
Cotton Outlook'A' index	75.75	
Wooltops (64s Super)	405p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. v Nov z Sep/Oct ♥ London Physical. § CIF Rotterdam. ‡ Bullion market close. * Change on week. †Based on 1,354 head of pigs sold.

FUTURES DATA

All futures data supplied by CMS.

Wool

Wool prices fell last week in all markets. This week started on a similar depressed note but low prices began to attract demand and the important Australian Eastern market ended with an increase of 3 cents, at 553 cents a kg. The upturn was small from a low of 545 cents on Tuesday, but it did help to improve sentiment, and enliven demand down the trading line to the retail end. Merino prices which fell more sharply started the recovery, with crossbreds only occasionally gaining fractional ground. No one can be sure yet whether this marks the start of an accelerating wool price rise but there are hopes, even that the low point of the season may have been passed. The New Zealand market indicator managed an increase on the week of just one cent, to 460.

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months.

INDICES

REUTERS (Base: 18/9/31=100)

Oct 10	Oct 9	month ago	year ago
1891.3	1896.4	1927.1	2089.7

CRB Futures (Base: 1967=100)

Oct 9	Oct 8	month ago	year ago
248.61	249.14	-	-

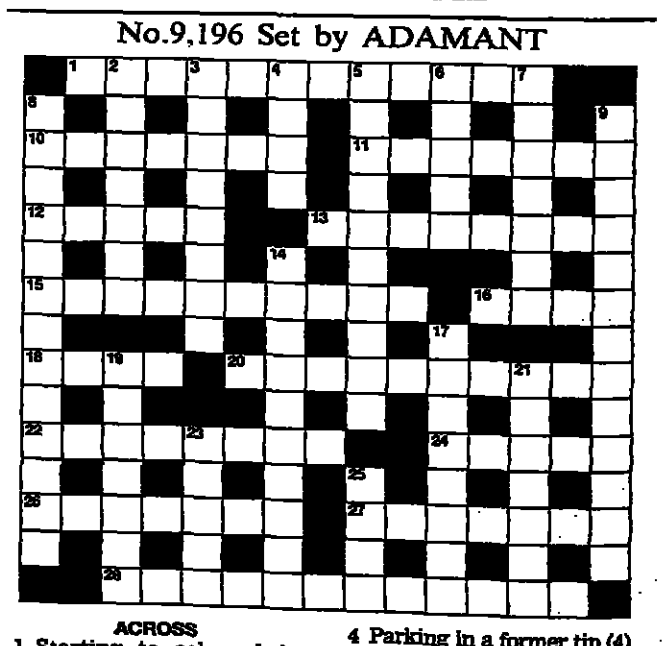
GSCI Spot (Base: 1970=100)

Oct 9	Oct 8	month ago	year ago
211.65	213.48	202.44	180.41

JOTTER PAD

CROSSWORD

No.9,196 Set by ADAMANT



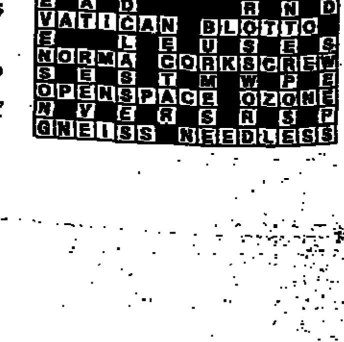
ACROSS

1 Starting to acknowledge that, until he reformed the barbarian (6,3,3)
10 Through which to hear about the Spanish cheer? (7)
11 Get rid of a throwback to his problem (7)
12 Heath comes from a troubled island race (5)
13 Assail with order to support the socialists (8)
15 Clarify the fame surrounding the German duke (6,4)
16 The mass stand back for the hunt (4)
18 Succeeded in reaching England after mother went back (4)
20 One who copies salesman on staff with unusual cure (10)
22 Young bounders always getting into obstacles (8)
24 Caught by river, fish may be kept in here (5)
26 Monotonous speaker, working in Bury (7)
27 Production of Turandot lacked finish and construction (7)
28 Out of the harbour, sign on alien business overseas (6,6)

DOWN

2 At the end no one came up to sort out the twist (7)
3 On my own, I sold out of blended tea (8)
4 Parking in a former tip (4)
5 A good direction (10)
6 Catch on to a water pipe (5)
7 Rank and number is nothing to me (7)
8 Wire object (holding a centilitre) needed to scoop the pools (8,5)
9 The normal sort of adjustment for temporary capital (5,4,4)
14 A wide boy would notice, dare and run (10)
17 Due to reform College of Advanced Technology or one of its staff (8)
19 Voted out East European fan (7)
21 Inclines to enter the church and wash one's hands of sin (7)
23 The days before the start of the delivery (3,2)
25 A strange flower (4)

Solution 9,195



RECRUITMENT

Richard Donkin asks if the technique should be more than a personal development device

Jury out on all-round appraisal

There is a poem by A.A. Milne about a tyrannical knight called Bad Sir Brian Botany who had a habit of "blipping" villagers on the head with his battle-axe. They finally rebelled and threw him in the duck pond. Overnight he underwent a Damascene-like transformation, emerging in the morning as plain Mr Botany.

I was reminded of bad Sir Brian during a seminar run by Oxford Psychometric Forum discussing 360-degree appraisal. This is the not-so-imaginative label applied to an all-round appraisal which takes assessments from people working above, below and alongside you. At first the point of such appraisals was to give employees, usually in management, a picture of how they were perceived by others, allowing them to adjust their approach. Today, its use is being extended by some companies.

The adoption of 360-degree feedback is far from widespread in the UK, although a study by Ashridge Management College in Berkhamsted suggests it is becoming increasingly common. Of the 119 large UK companies which responded – out of 1,000 canvassed – fewer than half were using 360-degree feedback for the development of middle and senior managers. Nearly a third of those using the process viewed it as a useful tool for making promotion and pay decisions.

Some companies, including Mercury, W.H. Smith and British Aerospace, have begun linking the process to pay, although the wisdom of this is questioned by some personnel specialists.

While something like 92 per cent of the managers who had experienced the process said it was helpful, half the companies using all-round appraisal complained that it was time-consuming and expensive.

There were other problems. A third of the companies said employees found it threatening and almost half of the managers said they thought colleagues were reluctant to be critical when providing feedback. The Ashridge team put failures down to poor execution. This appears to be a problem of many modern management techniques – they are too often introduced as ill thought-out panaceas by managements that have either not done their homework properly or have not thought through what they are trying to achieve.

The underlying premise of these appraisals, unless they are being used to weed out unsuitable managers, is that it is possible for people to change behaviour. But can people really change and can they change quickly enough?

This need for change not only underlies personnel processes such as appraisal but is central to restructuring plans. Sylvia DeVogue, head of organisation change at Hay UK, the pay and management consultant, argues that getting people to change was at the heart of business reorganisation and the failure to do so was the biggest obstacle to its success.

DeVogue's prescription for success involves the use of "change leaders" and "change managers", people with the personal touch to communicate change. Jim Sutcliffe, chief executive of Prudential UK, explained his approach as that of the honest broker with a simple message, telling it how it is and accepting management mistakes when they occur.

When it came to restructuring at the Prudential, his own message to staff was based on some straightforward calculations – it was costing £5 ($7.80) each time a collector walked up a garden path to collect £12 on average for each visit, often made on a monthly basis. The traditional "man from the Pru", who had served the company for a generation, could no longer be sustained. The simplicity of the calculation, said Sutcliffe, helped management communicate the underlying reason for change.

Even when the need for change has been identified, however, it is not always possible to get the message across to everyone. Two years ago Levi Strauss UK convinced itself that it needed to transform the way it marketed and sold its denim clothing. It decided the role of commission-led sales representatives would be dropped in favour of a new kind of market-led executive. It introduced a model of the ideal individual, based on a set of identified competencies and put its 22 existing sales staff through an assessment centre. Half of them did not make the grade and lost their jobs.

This only happened after the company had spent 12 months putting staff through training programmes and explaining how the demands of the job were going to differ. Some people did not possess the qualities to adapt.

Beverly Alimo-Metcalfe, professor of leadership studies at Nuffield Institute for Health, University of Leeds, thinks people can change, but only after they have undergone a lengthy programme of mentoring and training lasting up to two years.

Clive Fletcher, professor of occupational psychology at Goldsmith's College, University of London, said he had noticed changes in people faced with appraisal by their staff. "It's amazing how pleasant they can become when they know that the person will have a say in their appraisal," he said. This sort of behaviour, what Alimo-Metcalfe called "managerial obsequiousness", may well be temporary before individuals revert to type.

One of the values of appraisals is to compare the perceptions of others with how we perceive ourselves. Fletcher, quoting some US research, said that men tend to overrate their performance in self-appraisal whereas women tend to rate themselves more modestly. The most successful people, however, tend to have a self-image close to that in which they are perceived by others. So successful managers know themselves.

He said that when appraisal of tutors and course evaluation was first introduced among UK universities about seven years ago, it took some time to bed down partly because, to quote an unnamed vice-chancellor, "trying to manage academics is like trying to shepherd cats". Today, he said, lecturers were becoming used to students providing feedback on the quality of lectures and courses. The feedback, he said, was generally perceptive and consistent and it was also producing results.

Alimo-Metcalfe told the Oxford forum that appraisals failed when they were introduced in a crass or bureaucratic way or when they tried to cover too many things. She is against its use in deciding pay awards but Fletcher believes that many employers will not be able to resist the temptation to do so. He said: "It's wishful thinking to think we can keep this as a nice cosy development tool."

US studies, he said, had found that the more closely rewards were tied to appraisals the less use the appraisals became.

Used sensitively and thoughtfully as a selection and development tool, the all-round appraisal may prove to be an important ingredient of change management. But it is expensive and can take up a lot of company time. Perhaps Milne's pond-ducking technique might be worth a try.

360° Feedback – Unguided Missile or Powerful Weapon? by Laurence Handy, Marion Devine and Laura Heath, is published by Ashridge Research, Ashridge, Berkhamsted, UK, price £75

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The role will provide analytical support in the preparation of rating submissions, involving extensive contact with clients and rating agencies. You will require at least one other European language and the ability to travel.
Ref No: 2218/02.

Ideally you will be a graduate and have a minimum of two to three years experience in credit analysis from a leading financial institution, rating agency or possibly management consultancy. Candidates for both these roles must be computer literate and have excellent quantitative, analytical and presentation skills. You must have a thorough understanding of the credit rating process and a strong knowledge of financial markets/products and corporate balance sheets.

This is an outstanding opportunity to join a leading global bank, and career enhancement opportunities are excellent. The remuneration package will be dependent on experience and includes a performance related bonus and a full range of banking benefits.

Interested applicants please send a full résumé, quoting the appropriate reference number, to Anthony Cook, at Morgan & Banks PLC, Brettenham House, Lancaster Place, London WC2E 7EN or if you prefer, telephone 0171 240 1040. Fax number 0171 240 1052. E-mail: s&s@Morgan01.demon.co.uk Internet Home Page: http://www.morganbanks.com.au.

Morgan & Banks
INTERNATIONAL

Eaton Corporation is a global manufacturer of highly engineered products which serve many industries. The Company has 54 000 employees and sales for 1995 were $ 6,8 billion.

We, the Appliance Controls Group of *Eaton*, develop and manufacture electromechanical and electronic controls such as timers, sensors, pressure valves, etc... for the appliance industry.

Our last 10 years are a story of success : sales went from 70 M$ to 500 M$; diversification in other markets (automotive); new markets opened in Australia, South America, China.

Due to the promotion of the present Controller to a worldwide position, we are looking for our

Financial Controller, Europe

Reporting to the General Manager of the Division, he/she will be responsible for all the financial activities in Europe (5 plants in Europe : France, Germany, Italy, Monaco). He/she has a staff authority over the Plant Controllers and is the financial advisor of the senior management for all business decisions.

We are looking for an experienced Financial Controller (at least 10 years in that position) who has worked in an international company. This position offers a significant opportunity for smart and ambitious individuals to rapidly make a major contribution to the development of our business.

To apply, please send a photo and a CV quoting current salary details: Appliance Controls HRM, *Eaton Controls* SA, BP 215, 67406 Illkirch Cedex - France

Appliance Controls Division.

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   Must have extensive banking operations background with at least 8 years in senior position.
2. **Branch Consumer Financing Managers - 10 positions**
   Must have min. 5 years exposure in branch management - both operations and marketing.
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   Must be creative, innovative and able to develope new banking products to consumers. Relevent experience preferred.
4. **Marketing Manager (Funding/Deposits) - 1 position.**
   Excellent sales and marketing skills, result orientated with minimum 5 years in management capacity.
5. **Credit Card Operations (Hong Kong):-**
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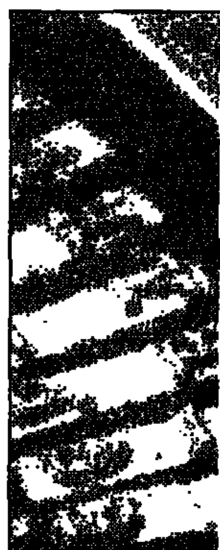
   b. Marketing Manager
   c. Fraud Prevention Manager
   d. Head of EDP Credit Card Section

Please fax before 14th October 1996 to Mr Raymonde Das at Cumberland Hotel (Fax: 0171-724 4621), no telephone enquiries please, or write to:
The Vice President - Human Resources Division,
MBf Finance Berhad,
9th Floor, Wisma MBf, Pudu Road,
55100 Kuala Lumpur, MALAYSIA.
Tel: 603 2021607 Fax: 603 2303196



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a person responsible for editing all equity research published by our analysts in Madrid and Portugal.

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- Advise analysts on legal investor expectations for research and relevant SEC/SFA regulations.
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The person:

- Will be a native English speaker with strong commercial English skills, a good command Spanish is appreciated, but not required.
- Have a solid Editing (as opposed to writing/journalistic) background and a firm understanding of the financial markets.
- Will have a minimum of 5 years experience in financial editing in British or International Banking.
- Knowledge of emerging markets is highly valued.

Interested candidates should send their C.V. and an attached work history resume with examples of published writing to: (please quote reference CHE on the envelope).

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Full-time position immediately available.

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Japanese & Far East Department,
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Our Client, a substantial and expanding International bank, seeks to make this key appointment to support its professional Foreign Exchange and Treasury dealing room.

With the emphasis placed firmly upon the continued promotion and development of its successful dealing activities, the bank's current plans include the recruitment of a senior individual with at least 5 years' professional sales and/or trading experience. The successful candidate, probably in the age range 30-40 years, will possess an effective knowledge of all contemporary trading products, with a pronounced strength in Foreign Exchange, and good contacts within the international corporate arena.

This represents an opportunity for considerable personal development and will appeal to seasoned and energetic professionals disposed to contribute constructively at an exciting stage in the division's growth. Salary and benefits will accurately reflect the importance our Client attaches to the appointment.

Contact Norman Philpot in confidence on 0171-248 3812

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Functions: Under the direct supervision of the Chief Finance Officer, the incumbent of the post will:

- Collect and analyse financial data, in particular those related to currencies and interest rate movements;
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- Analyse investment proposals and make recommendations to the Chief Finance Officer on suitable investments;
- Invest the Fund's resources when appropriate;
- Organise the activities of the Treasury Section;
- Co-ordinate the collection and follow up of subscriptions/contibrutions from Member States.

Essential qualifications/experience: Advanced university degree in finance, banking or equivalent professional qualifications. At least five years of professional experience in investment and cash management. Fluent in English.

Remuneration: USD 75,000 to USD 127,000 gross per annum, depending on qualifications and experience, plus other U.N. expatriate benefits.

Applications in English accompanied by detailed cirriculum vitae should be received not later than 11 November 1996 addressed to:

**The Managing Director,
Common Fund for Commodities,
P.O. Box 74656 - 1070 BR Amsterdam,
The Netherlands**

Policy Development
City

The prime objective of IMRO, as a leading financial services regulator, is to protect investors by setting and promoting standards for the investment firms it regulates. Our Legal and Policy department plays a key role in this process by reviewing investor protection standards in line with statutory and industry developments. We currently have a vacancy for a Rules Policy Officer.

This policy development role relates primarily to standards for firms' Conduct of Business and the operation of Collective Investment Schemes. It will include researching and monitoring statutory and industry developments and formulating policy to ensure that IMRO's investor protection standards in these areas are maintained.

Candidates are likely to have a legal qualification and will have relevant experience of either policy development, fund management or collective investment schemes. The role requires well-developed analytical, writing and presentation skills as well as a proactive approach towards policy development.

This is an exciting opportunity to join an organisation within an important sector of the financial services industry. We can also offer a competitive starting salary and an attractive benefits package, together with excellent opportunities for training and development.

To apply, please forward a detailed CV, including current salary details to, Debbie Willis, Human Resources Officer, IMRO, Lloyds Chambers, 1 Portsoken Street, London E1 8BT. Please quote reference FT96/10.

IMRO (Investment Management Regulatory Organisation Limited) regulates approximately 1,100 firms and 18,000 individuals. The firms include fund management organisations (including pension funds and investment trusts), managers and trustees of authorised unit trusts and banks. Funds managed by IMRO regulated firms have a total value in excess of £1,000 billion.

INVESTOR IN PEOPLE

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Isle of Man Government

FINANCIAL SUPERVISION COMMISSION

HEAD OF SUPERVISION

The Isle of Man is an international financial centre with high standards of financial regulation and the Financial Supervision Commission plays a key role in ensuring the stability and prosperity of the island's finance industry.

Following an internal reorganisation, the Financial Supervision Commission is seeking to appoint a Head of Supervision to lead and manage a new Division responsible for the licensing and regulation of banks, investment businesses and collective investment schemes, and to play a central role in the policy making and development of the Commission.

To meet the challenges of this important role you will have a successful track record in the banking and financial services industry gained in the market place and/or with a regulatory body. Ideally also you will be able to demonstrate a knowledge of the offshore environment. An accomplished professional, you should possess a good understanding of the regulatory framework within which banks and investment businesses operate and be able to demonstrate sound judgement in managing risk. You must be able to forge effective relationships with licenceholders and their advisers, and with other regulators. Strong leadership and communication skills as well as professional expertise are essential.

An attractive remuneration package will reflect the importance of this key position in financial regulation.

Further information is available on request. Interested candidates should write in confidence, before 8 November 1996 enclosing a full CV to:

Chief Executive, Financial Supervision Commission, PO Box 58, 1-4 Goldie Terrace, Douglas, Isle of Man IM99 1DT

EQUITY TRADER
EUROPEAN MARKETS

Excellent opportunity to utilize your comprehensive knowledge of European trading and markets with an expanding, well-respected securities investment firm. Located in Chicago, this Night position requires that you work during European market hours. Responsibilities will include:

- Executing trades
- Serving as a resource on currency exposure issues
- Assisting the Portfolio Manager—International Investments in identifying global and regional market developments
- Developing and maintaining professional relationships with outside investment brokers as well as other resources

The successful candidate has 2-3 years background in trading European equities and an understanding of global equity markets. Must be capable of working independently, have good judgement and show initiative.

We offer a competitive salary and benefits package to complement your expertise. Send/FAX resume, with salary history, to: 312-587-3845, Human Resources—FT918, 25 E. Erie St., Chicago, IL 60611. EOE mfdv.

DRIEHAUS CAPITAL MANAGEMENT, INC.

Swissca

SWISSCA SECURITIES LIMITED

have a vacancy for

EQUITY SALES TRADER

to build on our stock exchange memberships in London, Frankfurt and Amsterdam we are looking for an additional member to our small but professional equity sales team to market European Equities. The successful candidate must have 2-3 years equities trading experience and have substantial expertise in electronic trading systems and information services.

He/she should be fluent in English, French and German and be able to demonstrate a high level of technical skills. The candidate will be required to demonstrate that they can contribute to the development of this new business activity and must be positive in approach and highly motivated to achieve set targets.

Applicants should write, enclosing CV, to Mrs. Petersen, Swissca Securities Limited, Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AS.

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Alghanim INDUSTRIES

CAREER OPPORTUNITY IN KUWAIT

General Manager - Financial Services

Alghanim Industries, a leading and dynamic Kuwaiti trading conglomerate, with significant global interests, is seeking to engage a talented professional to lead a wholly-owned subsidiary which has a substantial Consumer and Trade Finance Portfolio.

The group now plans to substantially expand its activities to provide a full range of financial services which have a high potential profitability.

Reporting to the Executive Vice President and Chief Financial Officer, your role will involve defining critical success factors which will enable you to identify, develop and establish profitable new services and ventures. As well as the day to day management of the company, you will also play a major role in assessing the potential of the Kuwait market by comprehensive analysis of economic trends, both internationally and within the Middle East. You will, in addition personally control the consumer and trade credit functions, reviewing the effectiveness of the company's credit policy and ensuring adherence to sound risk management practices.

You will ideally have gained extensive, broad-ranging experience in a financial services environment, covering Portfolio Investment, Leasing, Consumer Finance and Insurance operations. Strong communication and people management skills are important, as is the ability to work under pressure and to tight deadlines.

The position requires a mature individual who is motivated, imaginative and persuasive, with an entrepreneurial approach in order to take advantage of the potential for considerable business growth.

Broad experience of International and Middle East financial service practice and relevant academic qualifications are highly desirable.

You will enjoy an attractive tax free salary and a package which includes excellent performance related bonus, generous housing, life and medical insurance, paid holidays and air fares and transportation allowance.

If you match the requirements for this challenging position, please fax your detailed CV, in confidence to:

Director of Human Resources
Fax No. (00965) 4847244.

BARCLAYS PRIVATE BANK LIMITED

Barclays Private Bank Limited is an independent bank within the Barclays Group and incorporates BZW Portfolio Management.

We are looking for a Private Banker to join our growing team of professionals advising private company shareholders and other UK taxpayers with substantial personal assets.

Experienced private bankers or professionals with investment management or corporate finance backgrounds are invited to write enclosing a full CV to:

The Executive Director, UK
Barclays Private Bank Limited
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APPOINTMENTS WANTED

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Trading or selling of bonds, equities and/or derivative products

36, master of law (University of St Gallen) top qualifications, long experience at first class Swiss banks, looking for a new challenge at a high management level.

Please write to cipher:
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ofa, Orell Fussli Werbe AG, CH-8022 Zürich

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ACCOUNTANCY APPOINTMENTS

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Six figure salary + expatriate benefits — *Brussels*

Finance Director

Internal promotion and dramatic projected growth has generated the need for a truly international finance professional to join this $1 billion turnover world class manufacturer and global leader in specialist industrial products which is one of ICI's core businesses. Challenging remit to support the Chief Executive in determining and implementing a stretching strategy to grow the business organically, and by acquisition and strategic alliances, to exploit fully technical advantage and global capacity.

THE ROLE

- Focus on strategic/commercial input: working with Chief Executive and Divisional boards to deliver significant organic growth. Acting as a business partner and sounding board able to spot opportunities and implement change.
- Manage and develop an established international team while forging highly effective relationships with Corporate Centre on planning, taxation, treasury and corporate finance.
- Major role in identifying and delivering acquisitions and strategic alliances worldwide, undertaking a significant amount of travel.

THE QUALIFICATIONS

- Broadly based graduate calibre accountant aged 35+, with proven accounting, control and IS skills gained from a global business. Language skills, an early grounding in science/engineering and knowledge of Asia and Latin America distinct advantages.
- Tough and experienced negotiator and implementer, effective in matrix-managed global businesses with real strategic vision and commercial nous. Able to deal effectively with cultural diversity.
- Mature and confident team player and leader, able to motivate subordinates and functional reports across time zones and cultures. Committed, energetic, robust and with a sense of humour.

Leeds 0113 2307774
London 0171 493 1238
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. XCE0081064,
16 Connaught Place,
London W2 2ED

Financial Manager, European Operation

COMPETITIVE SALARY

Our client, Westinghouse Electric Corporation is seeking an exceptional Financial Manager with cost accounting, budgeting and tax management experience for their European Process Control (PCE) division headquarters in Warsaw.

The successful candidate's responsibilities will include:

- internal and external financial reporting
- developing financial plans and forecasts for PCE, its subsidiaries and joint ventures throughout Europe
- supporting PCE's cost management
- liaising with local tax authorities and the corporate treasury department on foreign exchange transactions.

The Financial Manager will report directly to the Managing Director of Process Control Europe (PCE) and have dotted line responsibility to the Division Controller in the US.

Applicants for this position must have at least four years accounting experience with a multinational operation in Poland incorporating consolidating accounting procedures (GAAP, PAP and IAS). Formal western accounting qualifications, computer literacy and fluency in English and Polish are preferred.

Westinghouse offers an opportunity for professional growth and development for the right candidate and the potential to play a key role in the overall management of its rapidly growing European operations.

Please forward a full resumé with covering letter, quoting reference FT3024, to either of our offices at:
ANTAL UK: *Antal International, Shropshire House, 1 Capper Street, London. WC1E 6JA, UK. Tel: +44 (0)171 637 2001, Fax: +44 (0)171 637 0949.*
ANTAL POLAND: *Antal International, Sheraton Plaza, Ul. Prusa 2, 00-493 Warsaw, Poland. Fax: +48 22 621 5925.*

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GROUP FINANCE EXECUTIVE

GLOBAL ENGINEERING COMPANY

CENTRAL LONDON — to £50,000

We seek an exceptional finance person to join the small head office team of this £60m UK listed group. The group's principal business is the manufacture of capital goods in several Western countries as well as in South East Asia.

Based in the group head office, the Group Finance Executive will work closely with the Group Board and should join that Board in due course. He/She will take responsibility for the group finance function which includes providing financial and commercial advice at plc and operating company level. Since many of the group's operations are overseas, the appointee must be able and willing to travel regularly. A home base in or within short commuting distance of central London is important.

To succeed in this role you will possess the majority of the following attributes:

- CMA, CCA or CA
- Industrial experience in engineering companies
- Proven ability to work well with many different nationalities
- Fluency in French and German
- Probably in your mid 30s

Interested candidates should send a clearly relevant synopsis of their abilities with their CV and an indication of earnings level to Mark Scott, quoting reference MS28FT, at Jamieson Scott, 118 Eaton Square, London SW1W 9AF. Fax: 0171 823 1536. Email: 101545.20@compuserve.com

Jamieson | Scott

FINANCE DIRECTOR

GLOBAL MARKET LEADER

North East

To £45,000 + substantial bonus + car, benefits

International Manufacturing Company

Superb opportunity for a commercially driven finance professional to join this highly profitable subsidiary of a substantial UK plc. Rapid growth has taken our client to a turnover of £50m and world-wide market leadership in an expanding niche market, serving blue chip customers. Working closely with the Managing Director, you will play a major role in the achievement of the company's strategic and operational plans.

ROLE

Take complete responsibility for finance and IT, both in the UK and in the overseas operations. Pro-actively involve finance in all aspects of the business, challenging the status quo and identifying profit opportunities. Champion the development of systems to gain real competitive advantage. Meet the financial reporting requirements of a major plc.

QUALIFICATIONS

Qualified accountant with a progressive career demonstrating success in a manufacturing environment, ideally with an international dimension. Successful MIS development experience. Commercial acumen, intellectual ability and stature to influence at board level. Clear and effective communicator. Democratic leader.

Please send a full Curriculum Vitae to Robinson Keane, Denzell House, Dunham Road, Bowdon, Cheshire WA14 4QE quoting Reference RK 1494. Telephone 0161 929 9105.

Robinson Keane
SEARCH & SELECTION

McKinsey&Company, Inc.

McKinsey & Company is a pre-eminent, international management consulting firm, with over 60 offices and 3,000 consultants worldwide. The Firm primarily serves large, successful corporations, working at board level to achieve fundamental and lasting performance improvements. Sustained growth has created opportunities for exceptional finance professionals to join the Corporate Finance Practice in Amsterdam, London and other locations.

At McKinsey, corporate finance is an integral part of helping clients to solve complex, strategic business problems. Consequently, the Corporate Finance Practice makes a major contribution to the Firm's work in mergers and acquisitions, corporate strategy, valuation of complex strategic issues, risk management, corporate restructuring and managing corporate planning and performance measurement processes.

Corporate Finance Specialists & Analysts

As a Corporate Finance Specialist or Analyst, you will spend most of your time working directly with clients or advising McKinsey teams. You will not only provide technical expertise, but also contribute to the entire problem solving process, particularly the integration of financial thinking with strategy and organisational change. You will also contribute to McKinsey's extensive research efforts where you will focus on building insights into key topical issues and devising practical analytical tools, such as valuation models.

We expect Corporate Finance Specialist candidates to bring to this position the determination and ability to become a leading authority in corporate finance consulting. Candidates will probably have an MBA or PhD from a leading university, with 2-5 years experience in consulting, investment banking, teaching or industry.

Corporate Finance Analyst candidates should have the potential to become specialists within 2-3 years. Analyst candidates will have a strong undergraduate degree with significant economics and accounting training and 1-3 years experience in accounting or finance.

Candidates for both positions should also have:

- Consistently excellent record of academic achievement.
- Outstanding problem solving skills, particularly the ability to apply economic reasoning to business strategy problems.
- Well developed financial modelling/analysis skills.
- Strong English language communication and presentation skills.
- Flexibility and a willingness to travel frequently.

All progression within McKinsey is strictly merit based, and specialist roles such as these offer an established career track to the highest levels and competitive compensation. If you are keen to apply your skills in a professional and intellectually demanding environment, please forward a comprehensive CV, quoting reference CS/42846 to Caroline Stockdale ACA, for Amsterdam and other locations, Michael Page International, Apollo House, Gerrit van der Veenstraat 9, 1077 DM Amsterdam, fax 00 31 20 5789440. For further information, please call her on 00 31 20 5789444 or Diane Forrester, for London, quoting reference 314195, on 0171 269 2214, fax 0171 831 7182 at Michael Page, Page House, 39-41 Parker Street, London WC2B 5LH.

MP

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International Recruitment Consultants

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Financial Controllers

BASED KYRGHYZSTAN AND AZERBAIJAN - EXCELLENT PACKAGE

The Company

Our client is a subsidiary of a large tobacco merchant and processor, with revenues in excess of US$3.3 billion, with an impressive FMCG client portfolio. Committed to strengthening its activities throughout Central and Eastern Europe, our client is specifically focused on building the managerial teams within its operations in Kyrghyzstan and Azerbaijan. This growth orientated international company offers outstanding long term opportunities within this exciting and developing region.

The Roles

Reporting to the local General Director, and to the UK Director of Finance, you will have full responsibility for setting up and monitoring the financial operations and structuring procedural systems and controls. Controlling all internal financial matters relating to the purchasing, processing, storage and export of tobacco, you will additionally develop relationships with financial institutions, and manage financial accounting, credit control, maintenance of employment records, planning, budgeting and cash flow. Your input will be integral to the development of this emerging operation.

The People

You will be a qualified accountant or equivalent with thorough appreciation of local and US GAAP accounting. With at least four years financial, managerial experience you will already have had exposure to Central and Eastern Europe, specifically Russia and the CIS. Outstanding interpersonal and communication skills are a prerequisite and you should be energetic, flexible and resilient. Ideally, you should be fluent in either Kyrghyz, Azeri or Russian.

Please forward your full resumé in the strictest confidence, quoting reference FT3022, by fax to:

ANTAL UK: Antal International, Shropshire House, 1 Capper Street, London WC1E 6JA. Tel: +44 (0) 171 637 2001 Fax: +44 (0) 171 637 0949.

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Six figure package

Hoggett Bowers differentiates itself in search and selection by its superior market knowledge/intelligence, complete customer focus and quality service. The results of this are our long term partnerships with clients and our position as one of the most substantial advertisers within both the Financial Times and the Sunday Times.

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- A clear record of achievement supported by high intellectual capabilities
- Outstanding communication and interpersonal skills, credible at the most senior levels
- An ability to work independently and as part of a multi-functional team
- Experience of Executive Search and/or Selection, although quality database work may be considered

Previous experience of recruiting into Media, FMCG or Financial Services is advantageous but not essential.

Whilst your role will concentrate on the identification, winning and undertaking of finance assignments up to Board level, the opportunity to develop your skills into other areas will be positively encouraged and supported. Additionally you will be expected to make a significant contribution to the strategic direction of both the Finance Practice and Hoggett Bowers. In return we offer extensive training and development, a vibrant team based culture and unlimited remuneration which will truly reflect and reward your success and has the real potential to be in the six figure bracket.

Interested candidates should write with full CV, quoting current rewards package to Cindy Irvine or Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000, Fax: 0171 405 5995 quoting ref: HKW/6389/FT.

INVESTOR IN PEOPLE

Hoggett Bowers

EXECUTIVE SEARCH & SELECTION

THE PSD GROUP

Hays Accountancy Personnel

Financial Controller

Essex

c £36,000 + Car + Benefits

The Organisation

This is an exceptional opportunity for a finance professional to make a major contribution to the success of our client, the European subsidiary of a major engineering group with an international reputation in supplying electro-mechanical equipment. The company is dedicated to continuous improvement of a world-class business, and to continuing its rapid growth in European markets.

The Role

The company has created a new position for a dynamic Financial Controller to provide strategic and operational support for its service organisation. Initially the focus will be on development of management information systems. Subsequent challenges will be broader and involve commercial management including tender preparation the identification of opportunities for efficiency improvements, long term financial planning and business development. The position reports to the Financial Director, and will act as his deputy, also providing considerable support to the Operations Director and his management team.

The Appointee

You will possess a first degree and your post qualification experience (minimum 5 years) should have been gained in either the manufacturing or service sector. You will have sound experience of managing people, implementing and managing systems change, well-developed commercial skills and be a fluent communicator with non-financial management.

To apply please write enclosing your CV and current salary details to Charlotte Baker, Hays Accountancy Personnel, 104 Baker Street, London W1M 1LA. Tel: 0171 486 6557. Fax: 0171 486 6503.

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GROUP FINANCIAL DIRECTOR

Consumer durables **Worcestershire** **Package to £80,000 + car**

This medium-sized, market-leading plc manufactures and markets a comprehensive range of high-quality home furnishings to retail and wholesale outlets in the UK and overseas. Employing around 500 in four subsidiaries, it is enjoying an enviable growth record in turnover and profitability.

The role

- board appointment, reporting to the Group CEO and controlling a small team, including IT
- responsible for all aspects of finance, accounting and IT in the group
- key tasks include budgetary control, upgrading IT systems, strategic planning, acquisitions, investment appraisals, cash control and tax planning
- develop strong working relationships with subsidiaries and, where appropriate, provide support and guidance
- review and participate in all Board decisions.

The person

- graduate ACA aged 35 to 45, with first-class professional training and 5+ years' experience in a small to medium-sized, blue-chip plc
- used to multi-site operations, ideally in textiles or consumer durables
- good understanding of manufacturing processes and fast-moving distribution systems
- strategic thinker and change agent with strong commercial awareness gained in a growing and complex environment, plus outstanding interpersonal and communications skills
- highly computer literate, and must have installed fully integrated IT systems.

Please send detailed cv, with a covering letter indicating your current remuneration and future requirements and explaining why your application should be preferred, to David Dewhirst, Executive Search and Selection, Ref: 10583/DD/FT, PA Consulting Group, Chamber of Commerce House, Second Floor, 75 Harborne Road, Birmingham B15 3DH. Tel: 0121-454 5791. Fax: 0121-454 0656.

Offices:
London (0171) 730 9000
Birmingham (0121) 454 5791

PA Consulting Group
Creating Business Advantage

Glasgow (0141) 221 3954
Edinburgh (0131) 225 4481
Manchester (0161) 236 4531

Hays Accountancy Personnel

IMI YORKSHIRE FITTINGS LIMITED

IMI Yorkshire Fittings Limited is a market-leading, wholly-owned subsidiary of a progressive plc group, which has a turnover in excess of £1.2bn. Its impressive and continued rate of growth has given rise to the need for two commercially-orientated individuals:

International Career Opportunities

Poland & France

Finance & Administration Manager

Warsaw & Poznan

£Competitive + Car + Relocation

- Day-to-day financial control of two sales and warehousing functions
- Preparation of investment plans and project appraisals
- Responsible for continued development of systems
- Supervision of small but committed team, providing management information to the group

Finance Director

Orleans

£Competitive + Car + Relocation

- Operational and strategic management role within a manufacturing subsidiary
- Responsible for all financial and management functions including forecasting, financial monitoring, asset management and control and company secretarial duties
- Maintenance and development of fully integrated systems
- Reporting to the Divisional Finance Director

Candidates for both positions will be qualified accountants with several years experience gained in industry. They will be fluent in Polish or French, with first class communication skills and a hands-on approach. Ambition and flexibility is required both to meet the initial challenge and take advantage of future opportunities.

The successful appointees will be rewarded with an attractive salary and benefits package and excellent prospects for career developments on a global scale.

To apply, please write enclosing your cv and current salary details to our Recruitment Advisor Gwen Latham at Hays Accountancy Personnel, 9 East Parade, Leeds LS1 2AL. Tel: 0113 246 8363. Fax: 0113 242 3198. This assignment is being handled exclusively by Hays Accountancy Personnel and any direct applications will be forwarded to them.

IT Senior Appointments

VAUXHALL

Information Technology Manager

Salary: Negotiable + Car + Bonus + Benefits
Luton Based - International Travel

UK - Luton, Bedfordshire
Vauxhall Motors Limited is the UK Automotive Subsidiary of General Motors International, part of General Motors, the world's largest company.

As a result of an internal promotion Vauxhall are seeking a high calibre individual to fill the post of Information Technology Manager, reporting to the Director of Finance. The successful candidate will be responsible for managing the IT department, and continuing the development and implementation of an IT strategy that supports the company's business objectives.

The Key Job Responsibilities:-
- **Ensure that the technology deployed in support of Vauxhall is market leading in terms of both cost and quality.**
- **Ensure that the day to day operations of the technology resources meet *management objectives.***
- **Liaise with Director of Technical Services GM International to ensure a consistent approach to technical architecture and system deployment.**
- **Control of the IT budget (£40M).**
- **Advisor to the Board of Directors on Technology issues.**

The Key Job Qualifications:-
- **10 years Information Technology experience with a multinational organisation.**
- **Excellent business and technical experience in a Manufacturing Industry (Automotive preferred), *coupled with a strong academic* achievement (MBA preferred).**
- **Comprehensive knowledge of modern trends in Information Technology and how they are applied in an organisation.**
- **The successful candidate must have strong communication skills and leadership experience.**
- **Strong team player.**
- **Ability to work with all levels within the organisation.**

Reply *in strict* confidence quoting reference ITM with CV and relevant experience by 31st October 1996 to:-
John Culley, Manager Finance Administration, Vauxhall Motors Limited, IMP C2, PO Box 3, Luton, Bedfordshire, LU1 3YT, United Kingdom.

SENIOR PROJECT MANAGERS

Equity & Fixed Income Technology

London Based — **£80-120,000 + Banking Benefits**

This pre-eminent global integrated securities house provides financial services to governments, central banks, major corporations and other financial institutions. Continuing investment in technology is crucial to their success.

THE POSITIONS
- Key new appointments to strengthen the European technology management team and facilitate succession planning.
- Responsible for specifying, planning and project managing a wide range of systems to customer requirements.
- Deliver quality solutions within time and budget parameters to a very demanding customer base.
- Work closely with global technology and business management to ensure a consistent approach to systems development and enhancement.
- Introduce new project management methodologies.

QUALIFICATIONS
- Highly accomplished project managers with a proven track record in the securities industry and in-depth equity or fixed income product knowledge.
- Currently delivering high value, business critical projects for an investment bank, management consultancy or *major software/systems* house.
- Aged 30-45, graduate calibre with a strong personality and a flexible, responsive style.
- Must have the ambition, potential and intellect to quickly assume broader technology management responsibilities.

Interested candidates should write, enclosing full career details, to the advising consultant, Jerry Wright, at Questor International Limited, 3 Burlington Gardens, London W1X 1LE. Tel: 0171 292 8300. Fax: 0171 287 5457.

QI
QUESTOR INTERNATIONAL
A Michael Page Group PLC Company

Senior IS Auditor

Europe & The Far East £40,000 + Car + Benefits

Our client is a global corporation with a rich history of invention and innovation. Their market-leading companies provide a broad range of high technology products to various industries throughout the world. Due to expansion within the Corporate Audit function, they are now growing their high calibre IS Audit team.

Responsibilities:
- Carry out IS development, security and control audits and applications reviews
- Assist in IS projects and strategy assessment and provide technical input to finance and operations audit teams

Profile:
- Be a graduate with 5 years experience in IS, ideally in systems audit
- Have excellent business and analytical skills, combined with strong commercial and technical awareness

Based at their European offices near London, you will be challenged by a variety of multi-national projects of key strategic importance in Europe and the Far East. This is an excellent career opportunity for bright, motivated individuals willing to travel extensively, preferably with knowledge of a second language.

To discuss this opportunity in total confidence please contact Alfonso Nunez on 0171 405 4160 quoting reference 57823/AN. Alternatively send your CV to him at the address below.

5 Bream's Buildings
Chancery Lane
London EC4A 1DY
Tel 0171 405 4150
Fax 0171 831 5469
E-Mail scr@psd.co.uk

PSD
SCR Technology Recruitment

INVESTOR IN PEOPLE

APICORP

الشركة العربية للاستثمارات البترولية

ARAB PETROLEUM INVESTMENTS CORPORATION

APICORP is an inter-Arab Corporation established by the member states of OAPEC to finance and invest in petroleum sector projects and industries. Total assets exceed U.S.$1000 million.

Senior Opening

Software Professional

We seek a qualified candidate to play a leading role in migrating APICORP IT environment to an object-oriented distributed-servers environment. The successful candidate will participate as a team member and lead the effort within his functions in the development of the corporate Business-Object Model as well as implementation of APICORP's plan for migration of legacy applications, development tools and platforms to OO computing environment.

The successful candidate must have a university degree from an institute with a recognised reputation in computer science (post graduate degrees are preferable) aged 30-35 with min. 7 years of relevant experience. He should be a good communicator with strong leadership ability and should fit comfortably within small work-groups and a flat organisation.

Background and areas of technical competence
- Good command of software engineering and object-oriented, architecture-driven application development.
- Sound experience in Business Object Modelling and modelling techniques.
- Knowledge in the development of new generation applications (event driven, message passing, user centric,..) and building application from parts (objects) and for interoperability between applications in hetro and homogenous environments.
- Familiarity with one or more of the object-oriented development methodologies and their supporting tools (OMT, Use Case, Booch Coad/Yourdon, KISS, CRC, OPEN, RDD, etc).

Preferable Knowledge
- Engagement in migration of legacy banking application to OO environment is an advantage.
- Business knowledge (International banking operations, Portfolio management, Syndicated loans & Trade finance).
- OO languages such as Smalltalk, C++, etc.
- AS/400 in a heterogeneous computing environment.

The appointment will be for an initial 2 years contract, renewable. In addition to the highly competitive tax free salary, there is a comprehensive benefits package which includes free fully-furnished accommodation, transportation and education allowances, medicare, relocation expenses and contributory retirement fund.

Applications in strictest confidence may be sent to.

The Administration & Human Resources Manager
Arab Petroleum Investments Corporation
P.O. Box 448, Dhahran Airport 31932
Saudi Arabia

IT Appointments

Derivatives Software Support Services

SunGard Capital Markets is the pre-eminent world-wide provider of integrated trading, risk management and operational control software for the derivatives and securities markets.

Our commitment to maintaining the market standard is underlined by client support services and R & D budgets which annually exceed the turnovers of most would be competitors. We operate in a tough, challenging environment which offers exceptional career opportunities for anyone with the expertise and energy to keep us, our 700 clients and themselves ahead of the field.

We currently have vacancies for high calibre, self-motivated individuals who are ready for a major career advance in our client Services Division. A background in systems integration, consulting or financial sector software is essential.

Successful candidates will have experience in one or more of the following:
- Managing Financial Systems Implementation Projects
- Risk Management Techniques
- Trading Systems Software
- Software Support Services
- Derivatives/Financial Pricing Methodologies

A post graduate degree in finance, mathematics or business, as well as fluency in major European languages would be advantageous.

Candidates must be able to work effectively in a high-pressure, high-reward environment and communicate confidently in a wide range of situations. SunGard has a flexible, modern approach to management offering real opportunities for outstanding individuals to achieve rapid progress.

Positions are currently available in London, Copenhagen, Frankfurt and Zurich. Overseas assignments from any office can be expected.

Please reply to Joy Brown, at
SunGard Capital Markets,
10 Devonshire Square, London EC2M 4YP,
quoting ref MH.

SunGard

FT IT Recruitment appears each Monday, Wednesday in the UK edition, and each Friday in the international edition

For more information on how to reach the top IT professionals in business call:
Emma Lloyd +44 171 873 3779
Dominic Knowlson +44 171 873 4015

FT Recruitment **Net.Works** The FT IT Recruitment section is also available all week on www.FT.com

CORPORATE RISK REVIEW

Major Retail Group

London/Midlands **to £40,000 + car + bonus**

One of the country's largest retail and home shopping groups with a turnover of more than £2 billion, operating in a fast-moving sector of the highly competitive retail market, our client is on track for improved profitability having recently re-focused on its core businesses. With a creative, innovative approach to problem solving and risk management the Group is currently seeking a new member of its operational review team following a promotion to line management.

These truly operational roles, distinct from but working with the group's financial internal auditors, look at the whole spectrum of retail issues: new store openings, buying and merchandising, distribution, stock control and the exciting area of multimedia driven home shopping. With a direct report to the main board, the team has an exceptionally high profile within the Group, playing a central part in identifying and evaluating the management of risk involved in re-engineering key processes. The company is driving towards implementation of group-wide shared services and you will also play a major role in this process.

Candidates must have the confidence and communication skills to liaise effectively at all levels within the organisation. Bright and commercial in approach, they are likely to be qualified accountants or MBAs, either working in practice with retail clients or with direct retail experience. A background in merchandising, purchasing or supply chain management could also be of interest. Numerate and analytical, candidates should be self-motivated, enthusiastic and able to relish the challenges offered in this dynamic environment.

With such wide ranging business exposure, the career prospects within the group are superb, offering opportunities in either finance or general management. The rewards are excellent, with a high basic salary, fully expensed car and a bonus.

Interested applicants should post or fax a full CV quoting ref: 180 to the address/fax number below. For more information call Alderwick Consulting on 0171 242 9191 during office hours or on 0171 278 6475 evenings and weekends.

ALDERWICK CONSULTING

SEARCH & SELECTION

95 FETTER LANE, LONDON EC4A 1EP. TELEPHONE: 0171-242 9191 FAX: 0171-242 3560

Financial Controller

Investment Company

UAE Based – Excellent Expatriate Package

- *Our client is an investment company based in the United Arab Emirates, whose principal activities are those of investment and merchant banking. The adoption of a new corporate strategy has launched the Company on an expansion path to increase its market penetration in the region and to introduce new financial services and products. In consequence, our client wishes to appoint a Financial Controller to complement and support the senior management team.*
- *The Financial Controller will assume total responsibility for all aspects of the Company's accounting and IT functions. This will include the continuing development of financial and management reporting systems and the upgrading of existing computer facilities to meet the changing needs of the business.*
- *Candidates, aged 35-45, will be qualified accountants of graduate calibre who can demonstrate a successful record of achievement in the financial services industry. An in-depth knowledge of financial products and derivatives is essential, as are excellent managerial and communication skills. Although previous overseas experience is not necessary, the desire to make a long-term commitment to the organisation is a pre-requisite for this position.*

Applicants should forward a comprehensive curriculum vitae with salary details to Ernst & Young, Executive Recruitment Division, PO Box 136, Abu Dhabi, United Arab Emirates, by no later than 26th October 1996. Applications may be submitted by fax: 00 9712 722968.

ERNST & YOUNG

The United Kingdom firm of Ernst & Young is a member of Ernst & Young International.

FINANCIAL CONTROLLER

Key Development Opportunity

Midlands

£35-38,000, bonus, car

Our client is an autonomous and profitable subsidiary within a well-known and respected operator in the FMCG sector. The management of 5 business units with a turnover of c£20m spread throughout the UK demands that you will:

- Manage all aspects of local financial control and group reporting
- Identify and appraise capital projects and monitor post completion results
- Provide commercial input and advice to operational management
- Develop and motivate staff and encourage synergies between operating units

Effective management in a multi-site environment necessitates that IT systems deliver to required standards and efficient communication occurs between units. The General Manager will look to you to ensure that all these requirements are met and that financial advice is pragmatic and easily understood. Personal credibility, strong influencing skills and an ability to understand the wider business issues are therefore essential attributes.

To exploit the growth opportunities you must demonstrate a well-developed commercial mind and a flexible, hands-on approach. A willingness to travel across the operating units is crucial.

Interested candidates should write with full CV, quoting current rewards package to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000, Fax: 0171 405 5995 quoting ref: HKW/6317/FT.

INVESTOR IN PEOPLE

Hoggett Bowers

EXECUTIVE SEARCH & SELECTION

THE PSD GROUP

Financial Controller - France
For European Operations of major U.S. Mfg Corporation. 10 plants in Europe. 3500 people, $320M sales. 3 to 5 years in similar position. U.S. GAAP fluent English/French. $120,000 U.S. base + car. C.V. and salary to Recruiter 15545 Ventura Blvd. #165 Sherman Oaks, CA 91403 or Fax: 818-981-6505

The Inter-American Development Bank, the largest regional multilateral organization promoting the economic and social development of Latin America and the Caribbean, based in Washington D.C., is now reviewing applications for:

CHIEF - ACCOUNTING POLICY AND REPORTS

To lead a team responsible for the operation and maintenance of the general ledger system and the production of the internal and external financial statements of the Bank, in addition to recommending appropriate accounting controls, policies, and procedures, and coordinating the external audit of the Bank's financial statements.

The successful candidate has 12 or more years of accounting / auditing experience with public accounting and multinational exposure; has experience in writing financial statement disclosures, and multi-currency reporting; and is capable of managing, motivating and training accounting professionals. A Masters degree or equivalent in Accounting or Business Administration, or public accounting certification is required as is fluency in both English and Spanish.

The Bank offers a competitive salary, a comprehensive benefits plan, and relocation package. Career-minded individuals interested in a challenging and stable environment, who value hands-on team participation, are invited to send their resume in duplicate including salary history, which should be received by November 4, 1996, to:

Inter-American Development Bank, Stop E0507 - RO/HUR/FT
1300 New York Avenue, N.W., Washington, D.C. 20577 - USA
or Fax: (202) 623-3096

As a reflection of its commitment to its borrowing member countries, the Bank may require staff to accept assignments in both country offices and at headquarters. Only applications which best match the requirements of the position will be acknowledged. The IDB encourages gender equity in its hiring practices.

CORPORATE FINANCE CONSULTANT

London **£Negotiable**

Fraser Russell is a progressive firm of Chartered Accountants, ranked number 25 in the country, which advises a wide range of clients that are primarily owner managed businesses. Our Corporate Development team provides an integrated Corporate Finance and Consultancy service to growing businesses.

With increasing activity levels, we are looking to expand the size of our team to cope with demand and maintain service levels. In particular we are looking for someone to strengthen our corporate finance arm dealing with finance raising, M&A, reconstructions and re-financing, as well as investigations.

Candidates should be qualified accountants, with at least 5 years PQE, preferably with some experience gained in the corporate finance sector. The ideal candidate will be self-motivated, with considerable energy and drive, able to meet short deadlines, with the desire to succeed in a challenging environment.

Please send your C.V., with current remuneration to Gillian Maxwell, Personnel Manager, quoting ref. CD/CF/9701.

Fraser Russell
Chartered Accountants
4 London Wall Buildings, Blomfield Street, London EC2M 5NT

HEAD OF FINANCE

engineeringcouncil

c £38,000 pa + benefits London

The Engineering Council is the national co-ordinating body for the engineering profession, advancing educational initiatives and promoting the science and practice of engineering for the public benefit. A new position of Head of Finance is to be filled.

The Position

- Report to Finance Director and Secretary.
- Manage department of four staff accounting for receipts and payments of over £6m per annum and fixed assets of c £1.6m.
- Direct, manage and control all the financial accounting, management accounting, treasury, taxation, investment, payroll, income and expenditure operations with associated IT applications (currently TETRA 2000) of the Engineering Council and Engineering Council (Enterprises) Limited.
- Ensure that all accounting records are maintained to required standards for statutory, professional, audit and management purposes.
- Lead the annual budget preparation.

The Requirements

- CCAB qualified accountant.
- Good knowledge and experience of financial, cost and management accountancy practice in small to medium sized organisations with charitable status.
- Computer literacy with good knowledge and experience of using computerised accounting systems such as TETRA, their use, development and future potential.
- Excellent communication skills.
- Well rounded staff management skills with ability to organise priorities and resources to meet deadlines.
- Integrity, loyalty and positive personality with commitment to engineering.

Please send your CV with current salary details to: Ms Saf Violaris, the Engineering Council, 10 Maltravers Street, London WC2R 3ER
Registered Charity Number 286142
The closing date for applications is 19 October 1996.

QUALIFIED ACCOUNTANTS

Our client, a major international group urgently require 3 Qualified Accountants (25-35) with between 1 and 3 years PQE gained via public practice, financial services or industry (Banking, Insurance, Manufacturing. Top 6 or international experience particularly valuable).

FINANCIAL ANALYST - Responsible for project evaluation, financial modelling, business reviews and strategic planning of business units and product areas. 2nd language useful for this role.

FINANCIAL CONTROLLER - Responsible for worldwide subsidiary reporting. (SFA reporting useful) including consolidations. International experience preferred for this high profile role involving extensive liaison with senior management. Second language useful.

FINANCIAL ACCOUNTANT - Newly qualified with Financial Services experience for all round financial and management accounting role including group reporting.

Young, dynamic analytical individuals with the ability to think laterally. Strong interpersonal skills are essential in this highly pressurised environment. Excellent career prospects for ambitious individuals seeking to broaden their horizons.

Contact: Accountants Inc. 78 Old Broad Street, London EC2M 1QP
Tel: 0171-628 6116 Fax: 0171-628 6230

Salary: c$45,000p.a.
TAX FREE
Our clients, leading Insurance Managers in Bermuda, are seeking to appoint ambitious, qualified accountants to join their expanding team on the Island.
AGE GROUP: 25-33yrs.
Telephone in confidence:
Trevor James, Chairman
0171-929-2500 - LR.G.
(City Consultants).

Dynamic Qualified
F.D. circa 60K
(with IT Bias)
F.C. circa 45K
For Leasing Company
based Thames Valley.
Contact
Andy/Caroline at
McCall 01753 892221

Commercially-Minded Finance Manager

Riyadh, Saudi Arabia: Circa £40,000 tax free and benefits

الشركة السعودية للتطوير والتدريب المحدودة

Saudi Development and Training Company Ltd (SDT)

is owned jointly by British Aerospace and Yusuf bin Ahmed Kanoo, one of Saudi Arabia's leading business houses. SDT is a leading Human Resource consulting and training organisation dedicated to the provision of innovative solutions to companies operating within Saudi Arabia and the Gulf.

The Company is underpinned technically by a number of prestigious British and international organisations in the Human Resource Development, professional training, quality accreditation and specialist English language teaching fields. We are therefore uniquely able to offer both public and private sector employers up-to-date, culturally and linguistically appropriate products and services tailored to critical local requirements.

Expansion of its business means that it now needs a commercially-minded Finance Manager. He will be able not only to direct and control the accountancy functions at the Company's head office and branches distributed between the Kingdom's three main commercial centres, but also to advise the General Manager and the business managers authoritatively over financial strategies, financial risk management and appropriate procedures and practices. He will also be capable of dealing constructively with external agencies - Government, banks, major customers and shareholders.

The successful incumbent:

- **Will hold a Bachelor's Degree with honours (or higher) from an internationally recognised university.**
- **Will hold a recognised accountancy qualification.**
- **Will have practised as an accountant for four years.**
- **Will have had substantial and recent experience of applying information technology in accounting.**

The management and staff of the Company, its contacts and its clients are drawn from a variety of cultures. The ideal incumbent will:

- **Have worked in an international environment or organisation, preferably in Saudi Arabia, the Gulf or outside Europe.**
- **Understand the Companies' and Tax Regulations of the Kingdom of Saudi Arabia.**
- **Be familiar with Arabic.**

He will also need to bring to a close-knit management team:

- **A sound understanding of commercial and financial principles.**
- **An analytical turn of mind.**
- **A well-developed strategic sense.**
- **A capacity for organisation ...**
- **... And the ability to interact with colleagues and contacts in a sensitive and effective way.**

An attractive benefits package is offered.

Please apply by sending a concise letter of application highlighting how you meet the requirements, along with both your CV and details of your current remuneration package, to:

Saudi Development & Training Co Ltd (UK Liaison)
c/o Saville & Holdsworth Ltd
3 AC Court, High Street
Thames Ditton
Surrey KT7 0SR

FAO: Ms Nik English or Mr Chris Brown

Fax: 0181 398 9544

Closing date for applications 27/10/96

OUTSTANDING OPPORTUNITIES

FAST GROWING SERVICE COMPANY

This highly respected and profitable support services Plc has achieved notable success since its inception 20 years ago. This has been founded upon an entrepreneurial outlook, innovative management practices and the high value that the company places on its relationship with an ever increasing customer base. The Group operates in 30 United Kingdom locations and has a strong emphasis on valuing its employees. It operates a devolved management style promoting accountability and individual initiative.

Significant new business gains are reflected in a doubling of sales over the past five years, and the company is now firmly focused on strengthening its management and upgrading systems to ensure that market share continues to grow.

GROUP FINANCIAL CONTROLLER

SURREY **c£50,000 + CAR + BONUS**

This is a newly created role designed to provide a financial infrastructure for the Group and its subsidiaries.

The successful applicant will develop a framework for internal control, including policies and procedures, budgeting and forecasting.

Key to the success of the role will be the ability to drive monthly reporting for the Group, requiring extensive interface with Divisional Finance Directors.

You will be a qualified Chartered Accountant, with proven commercial exposure, who has had experience of change management. A strong degree of systems literacy is needed to manage the upgrade of financial and management information systems.

DIVISIONAL FINANCE DIRECTOR

BRISTOL **TO £40,000 + CAR + BONUS**

An excellent opportunity exists for an individual wishing to have involvement in a newly created division within the Group. After three years of investment, the company won its first substantial contract last year and is now positioning itself to make additional business gains.

This is a role requiring a *hands on* approach, with the individual's prime objectives being to support the management team through the development and maintenance of strong financial controls and an activity based costing system.

Aged at least 30, you must possess the confidence and maturity to work alongside operational management and to understand the issues the business is confronting. Highly developed IT skills are essential in order to conceptualise further systems requirements, and assist in their subsequent implementation. The successful candidate will be a qualified accountant with a minimum of three years post qualification commercial experience.

Interested applicants should forward a full curriculum vitae, quoting the appropriate title, to **Simon Moser** at **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP. Fax 0171 915 8714.** E-mail: **simon_moser@robertwalters.com**

ROBERT WALTERS ASSOCIATES

No. FS30091

L O N D O N   W I N D S O R   N E W Y O R K   A M S T E R D A M   B R U S S E L S   S Y D N E Y   W E L L I N G T O N

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds (u)

Fidelity Funds - Contd.

Mercury Asset Management S.A. - Contd.

Asian International Umbrella Fund - Contd.

Alliance Capital

Credis Investment Funds - Contd.

Merrill Lynch Asset Management - Contd.

Svecia Securities

Swiss Bank Corporation

CMI Ins Co Ltd/Clerical Med Gen Life - Contd.

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or −	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Allied Domecq	aW‡	438½	−2½	556	419	4,549	6.7	16.6
Bulmer (HP)	♣	817½	−5	825	477	272.2	3.2	17.3
Burn St Dst	♣	82	−1½	146	[illegible]	48.8	7.5	17.7
Glenmorangie A		755	...	775	600	87.8	2.0	19.3
Grand Met	♣†	478½	−3	481½	413	10,063	4.0	20.3
Guinness	♣†	445xd	−1	521	435	8,588	4.3	13.8
Highland	♣†	340½	...	397	315	453.9	2.9	15.9
5¼pc Cnv Bds		101	...	101½	100½	–	–	–
Kirin		662¼	[illegible]	679¼	622¾	6,969	0.3	27.4
Matthew Clark	♣	314	−25	803	277½	277.9	9.6	15.0
Merrydown	♣	113	...	141	93	12.3	5.0	10.3
Seagram $		£22½	[illegible]	£25¾	£20¼	6,234	1.2	–

BANKS, MERCHANT

	Notes	Price	+ or −	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
[illegible] 9pc Cm 2nd Prf		501¼	...	501½	501½	6.31	19.8	–
Cater Allen	♣	386½	...	485	373	128.0	9.7	11.5
Close Bros	♣	328½xd	...	392	307	398.5	3.8	13.2
Gerrard & Nat	♣	285	−1½	472	295	144.3	9.[illegible]	9.3
Hambros		258	−1	267½	183	458.7	3.6	–
7½pc Cv Pf		112	...	118	94½	144.3	8.4	–
King & Shaxson	♣	162½	...	177	112½	42.9	6.9	14.1
Leopold J	♣	455	...	483	405	24.1	5.4	16.5
Rea Brothers	♣	65	...	67	44	31.5	1.9	25.5
Schroders	♣†	1420xd	...	1462½	1185	2,144	1.5	15.1
[illegible]	♣†	1180xd	+2½	1172½	830	610.4	1.9	13.2
Singer & Fried	♣†	127½xd	−1	134	99½	251.8	4.2	9.4
8pc Cv Ln 09/14		£154½xd	[illegible]	£155	£1[illegible]	47.3	5.5	–
[illegible]	♣	103½	...	115½	85½	27.5	3.6	11.1
[illegible]	♣	345	[illegible]	369	295	29.7	4.5	17.3

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

FOOD PRODUCERS - Cont.

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

HOUSEHOLD GOODS - Cont.

INSURANCE

INVESTMENT TRUSTS

Approved by the Inland Revenue

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

Approved by the Inland Revenue

FT MANAGED FUNDS SERVICE

Offshore Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Jardine Fleming (Bermuda) Ltd

Orion Fund Limited

BERMUDA (REGULATED)(**)

Aristocrat Capital Management Ltd

Bermuda Intl Invest Mgmnt Ltd

Butterfield Management Co Ltd

Integral Bond Arbitrage Fund Limited

Orbis Investment Management Ltd

GUERNSEY (SIB RECOGNISED)

AIB Investment Managers (Guernsey) Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Freres Asset Management (CI) Ltd

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Prudential Fund Managers (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

Royal Bk of Canada O/S Fd Mgrs Ltd

Saudi International (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

Staines Fund Managers (Guernsey) Ltd

UBK Asset Management (Guernsey) Ltd

U.S. Advisors (Guernsey) Limited

Yamaichi Capital Mngt (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

AIB Fund Management Ltd

Bank of Ireland Asset Mgmt (Ireland) Ltd

Old Mutual International Fd Mngrs Ltd (u)

Prolific International Fund Plc

Berkshire KITC Growth Fund Plc

Berkshire Korea Fund Plc

Blackstone Franks Managers Ireland Ltd

Bordier Invest (Ireland) Ltd

Buchanan Asset Management (Ireland) Ltd

CFP Interest Rate Arbitrage Fund Plc

Calpius Fund

Capital Vision Fund Plc

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LONDON STOCK EXCHANGE

Inflation figures and bought deals hit shares

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

Sellers remained in the driving seat in the UK equity market yesterday with sentiment unsettled by slightly worse than expected inflation numbers for September.

Those inflation details prompted a sizeable sell-off in the gilts market which, in turn, brought sustained downward pressure to bear on equities.

The market also had to contend with big placings in two of the top UK corporate names, Sainsbury and TI.

Adding to a general air of discomfort were confidence-sapping performances from Wall Street overnight and again at the opening of US markets yesterday.

The FTSE 100 index, which jousted with the 4,000 level for much of Wednesday, moved decisively back through that level to close a net 14.6 off at 3,994.7.

As with recent sessions, the selling pressure in equities was concentrated in the leaders. The second-liners and small stocks were largely untested.

The FTSE 250 index closed 1.5 up at 4,432.8 and the SmallCap index 1.6 off at 2,165.7. The only complaint from marketmakers in the 250 and SmallCap stocks was that business was minimal.

"Most of the enquiries we've had today, and recently, have been on the buy side – otherwise business has been negligible," said one dealer. He added that smaller stocks were being held up by talk of more takeover bids or mergers in the pipeline.

That was not the case with the leaders, where prices were hit at the outset by marketmakers disinclined to take on stock after yet another bout of nerves on Wall Street and ahead of the chancellor's speech to the Conservative party conference in Bournemouth. Talk of a big placing, subsequently proved to be correct, was also said to have affected sentiment.

The Dow Jones Industrial Average fell 36 points on Wednesday evening, and the long bond another 10 ticks, with UK dealers becoming increasingly uneasy at the performances of both markets in recent sessions.

An early flurry of buying across the insurance areas of the market, which was attributed to various bouts of takeover speculation, provoked a minor rally and saw the FTSE 100 briefly back into positive ground.

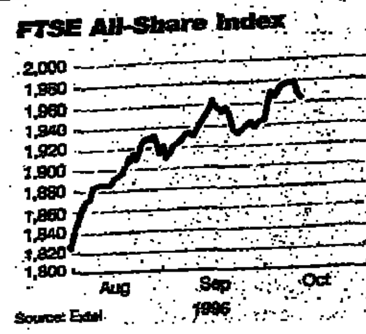
But the two big placings and the poorly received inflation news quickly put paid to the rally.

Germany's Mannesmann sold its near 9 per cent stake in TI, the UK engineering group, to three broking houses who promptly placed the shares in the market, while a block of 30m shares in Sainsbury was also sold, although the source of the stock was up for debate.

Both lines of shares were placed at a substantial discount to current ruling prices and netted the relevant brokers a total of £3m – just over £2m for TI and a short £1m for Sainsbury.

Turnover in equities at 6pm reached 915.6m shares, with the bought deals in Sainsbury and TI accounting for 17 per cent of the total. Hanson, whose shares slumped to an eight-year low, were also heavily traded.

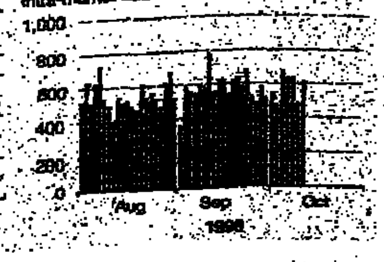
FTSE All-Share Index



Source: Extel

Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FTSE 100	3994.7	-14.6	FT 30	2824.2	-11.0
FTSE 250	4432.8	+1.5	FTSE Non-Fins p/e	18.10	18.15
FTSE 350	1989.8	-5.6	FTSE100 Fut Dec	4026.0	-18.0
FTSE All-Share	1963.89	-5.18	10 yr Gilt yield	7.45	7.36
FTSE All-Share yield	3.77	3.74	Long gilt/equity yld ratio	2.06	2.06

Best performing sectors

1 Insurance +1.6
2 Distributors +0.9
3 Other Financial +0.5
4 Building & Construction +0.2
5 Paper, Pckg & Printing +0.1

Worst performing sectors

1 Diversified Industrials -1.3
2 Retailers, Food -1.1
3 Household Goods -0.9
4 Banks: Retail -0.6
5 Food Producers -0.6

Mystery seller of Sainsbury

By Peter John, Lisa Wood and John Hamilton

It was hunt the stake holder as an institutional seller placed more than 30m *J. Sainsbury*, 1.5 per cent of the issued capital, with SBC Warburg Securities at 344p a share. The broker subsequently sold the stock to a range of UK institutions at 347p, establishing a 3p turn on the deal and netting just short of £1m in the process.

The early morning deal, which was described by other brokers as "clean and quick," was thought at first to involve the Sainsbury family and its trusts. But this was vigorously denied by Sainsbury. Several institutions, with large holdings in the food retailer, also denied their involvement.

The sale came on the same day as acerbic notes on the stock, which has been under pressure recently, came from NatWest Securities and Credit Lyonnais Laing, both of which made substantial downgrades.

NatWest, which led downgrades of Sainsbury at the interim stage in August, and which has had the stock on a trading sell, changed its recommendation to "reduce" and cut its forecasts for the next three years.

A main thrust of its argument was that Sainsbury's sales have not increased sufficiently to cover the launch of its Reward loyalty card. In addition, it criticised Sainsbury's management for not developing a marketing strategy that truly differentiated it from the competition. It gave a price target of 325p for the stock, which fell 8¼ to 355¼p.

Credit Lyonnais Laing, which said that the scale of market forecast downgrades for Sainsbury over the last year had been "awesome", forecast that interim results would be appalling. It slashed its forecasts more vigorously than NatWest.

Kwik Save, which is undergoing a strategic review in order to tackle its problems in the High Street, fell 6 to 317¼p with BZW reported to have downgraded the stock.

Hanson hit

Hanson, already down more than 10 per cent on the month at the beginning of trading yesterday, fell a further 2¼ to 82¼p, the lowest level for more than eight years. The slide left Hanson the biggest faller in the Footsie with turnover of 30m one of the market's heaviest on a very active day.

Part of the reason for the sharp weakness of recent days emerged in the form of a single block of 20m shares sold through the market at 85¼p a share.

The block has been overhanging the market and while it appeared to have been cleared, investors were unwilling to move back in.

Fund managers have stayed away since the company went into closed season at the end of September although some analysts have been raising valuations. Kleinwort Benson is believed to have a 110p a share tag on the stock and Henderson Crosthwaite values it at 120p *on the basis of 1997 earnings.*

Mr Geoff Allum, of Henderson, said: "As far as I am concerned, the share price has been dominated by technical factors for a long time. The yield funds are worrying about the length of time they will be without a dividend and investors are reluctant to buy one share in Hanson when they can wait and buy the constituent parts."

CU speculation

Commercial Union shot to the top of the Footsie as a strong takeover rumour combined with a rush of institutional switching. The shares ended the day 19 higher at 645p following an extended lethargic spell.

The takeover talk pinpointed ABN Amro, the expansionist Dutch banking group, as being interested in *making an offer. However,* Mr David Hudson of Credit Lyonnais Laing dismissed the rumour as "mischievous".

"The real story is big institutional switching from the life stocks and from other composites into CU," he said.

Composite insurers have failed to enjoy the impressive gains of other financial stocks, even though they have similar exposure to broad market rises. And while question marks remain over the sector, CU is considered to be the most risk-free stock within the sector.

Finally, positive comment from several brokers including BZW, *Goldman Sachs*, and Cazenove was said to have helped the shares.

TI was London's most heavily traded stock as Mannesmann of Germany sold *its stake in the company.* Mannesmann placed 42.2m shares, 8.86 per cent of the total, with institutional investors via UBS, Cazenove and SBC Warburg.

TI said Mannesmann sold the stake as part of a decision to focus its activities on the telecoms, engineering and automotive areas. TI fell 8 to 556½p on total turnover of 97m shares.

Blenheim, which is understood to have a number of suitors, climbed 25 to 482½p on reports that Reed Elsevier, the Anglo-Dutch publishing group, was preparing a 530p per share bid for the exhibitions organiser.

The long running saga on the stock, which has been in play for a few months, took on a new twist earlier this week when VNU, the Dutch publisher, asked the market for 15 per cent of the stock at 500p per share.

Analysts said that while they would not be surprised if Reed made an offer they were sceptical of the rumoured price.

Reed International, the UK arm of Reed Elsevier, fell 8½ to 1172½p, with the company announcing that SBC Warburg held 3.1 per cent of it.

Burmah Castrol dropped 20½ to 1103½p as ABN Amro Hoare Govett lowered its recommendation on the company to 'hold' from 'undervalued'. Burmah shares have come under pressure since reaching a record 1179p on October 4. The downgrade was based on valuation rather than fundamentals.

Elsewhere in the sector, Shell Transport fell 6 to 1022p but BP, supported by heavy buying in traded *options, fell only 2* to 686½p.

N Brown, the mail order business, climbed 22 to 411p after pleasing the market with its interim results. A number of analysts upgraded their forecasts.

Albert Fisher's confirmation of the sale of its North American produce distribution unit for £73.5m pleased the market. Michael Bourke of Panmure Gordon said he expected the company to announce profits of £41m next week for the full year but there could be an exceptional loss of up to £150m.

Booker strengthened 5 to 405p with the market believing its bid for Nurdin & Peacock will succeed.

FT 30 INDEX

	Oct 10	Oct 9	Oct 8	Oct 7	Oct 4	Yr ago	*High	*Low
FT 30	2824.2	2835.2	2849.2	2848.4	2857.8	2601.3	2885.2	2668.8
Ord. div. yield	4.01	3.99	3.97	3.97	3.96	4.12	4.22	3.76
P/E ratio net	17.20	17.27	17.39	17.39	17.42	15.65	17.46	15.80
P/E ratio nil	17.04	17.11	17.23	17.23	17.26	15.47	17.30	15.71

FT 30 since compilation: high 2885.2 19/04/96; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2828.4	2833.3	2833.9	2830.2	2829.6	2826.8	2820.2	2817.3	2824.7	2837.9	2817.0

	Oct 10	Oct 9	Oct 8	Oct 7	Oct 4	Yr ago
SEAQ bargains	37,402	40,097	43,580	49,159	43,913	29,997
Equity turnover (£m)†	–	1616.6	1747.2	1419.4	1944.3	2027.2
Equity bargains†	–	34,740	41,238	42,829	41,012	34,763
Shares traded (ml)†	–	554.6	606.7	481.2	638.4	679.9

†Excluding intra-market business and overseas turnover.

	Oct 10	Oct 9	Oct 8	Oct 7	Oct 4	Yr ago	*High	*Low
FTSE AIM	1006.80	1008.50	1004.50	1002.10	998.70	–	1140.40	965.70

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	342	Total Highs	98	Total contracts	38,916
Total Falls	789	Total Lows	50	Calls	19,699
Same	1,496			Puts	19,217

Oct 10 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	4036.0	4026.0	-18.0	4046.0	4002.0	18582	61600
Mar		4038.0	-18.0			0	394
Jun		4050.0	-18.0			0	326

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		4455.0	+1.0			0	3571

■ FTSE 100 INDEX OPTION (LIFFE) (*3993) £10 per full index point

	3800	3850	3900	3950	4000	4050	4100	4150
	C P	C P	C P	C P	C P	C P	C P	C P
Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Calls 3,747 Puts 7,424

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	3825	3875	3925	3975	4025	4075	4125	4175
Oct	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Calls 6,927 Puts 7,125 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996 High	1996 Low	Stock	Close price p	Net +/-	Div. cov.	Grs yld	P/E net
§	F.P.	287.6	337½	314½	AEA Technology	334½	-2	17.5	3.3	2.8	13.5
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	†Airtech	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Brunner Mond	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Charles Taylor	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Imperial Tobacco	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Interlude Telecom	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Lavendon	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Millennium Chem.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Shalibane	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Thistle Hotels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	†Weeks Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Oct 9	% chg on day	Oct 8	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (31)	1904.86	+0.1	1903.46	1957.56	1.60	–	2520.73	1722.93
■ Regional Indices								
Africa (13)	2534.01	+0.1	2531.72	2702.38	3.14	35.83	3553.86	2272.74
Australasia (6)	2074.21	–0.7	2088.11	2382.43	2.67	20.31	2327.34	2005.75
North America (12)	1706.11	+0.2	1702.74	1683.65	0.75	64.71	2186.39	1488.94

 Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Oct 10	Day's chge%	Oct 9	Oct 8	Oct 7	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	3994.7	–0.4	4009.3	4035.6	4031.5	3523.8	3.93	2.04	15.61	147.87	1660.43
FTSE 250	4432.8	......	4431.3	4435.3	4441.0	3936.4	3.45	1.55	23.44	151.95	1804.63
FTSE 250 ex IT	4465.9	+0.1	4463.0	4466.6	4471.4	3960.2	3.54	1.58	22.40	159.92	1822.14
FTSE 350	1989.8	–0.3	1995.4	2006.1	2005.0	1758.0	3.83	1.94	16.81	72.53	1689.70
FTSE 350 Higher Yield	1890.3	–0.3	1896.2	1908.5	1905.6	1753.2	5.15	1.82	13.31	93.84	1352.60
FTSE 350 Lower Yield	2096.5	–0.2	2101.8	2110.9	2111.6	1767.6	2.65	2.15	21.98	51.76	1464.91
FTSE SmallCap	2175.68	–0.1	2177.32	2177.22	2180.15	1960.69	3.12	1.57	25.44	57.55	1806.66
FTSE SmallCap ex IT	2169.71	......	2170.77	2169.87	2172.52	1947.03	3.33	1.64	22.85	61.11	1614.56
FTSE All-Share	1963.89	–0.3	1969.07	1978.82	1978.05	1737.42	3.77	1.92	17.26	70.10	1693.00

■ **FTSE Actuaries Industry Sectors**

	Oct 10	Day's chge%	Oct 9	Oct 8	Oct 7	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	3927.23	–0.4	3944.82	3999.07	3986.32	2908.40	3.54	1.63	21.72	128.01	1714.54
12 Extractive Industries(6)	4166.06	–0.4	4181.49	4224.53	4237.04	4173.66	3.90	2.66	12.06	161.60	1241.57
15 Oil, Integrated(3)	4073.42	–0.5	4092.72	4149.50	4106.79	2882.80	3.67	1.45	23.53	135.18	1825.46
16 Oil Exploration & Prod(15)	2915.23	–0.3	2924.62	2976.49	2961.40	1915.60	1.82	1.67	41.20	52.04	1766.43
20 GEN INDUSTRIALS(276)	2090.44	–0.4	2097.93	2102.44	2104.79	1967.63	4.01	1.77	17.62	71.62	1161.85
21 Building & Construction(34)	1218.82	+0.2	1216.24	1212.82	1207.90	915.52	3.46	1.49	24.27	38.86	1036.27
22 Building Matls & Merchs(29)	2011.40	......	2010.67	1998.06	1995.85	1712.30	3.82	1.53	21.38	62.79	1031.38
23 Chemicals(25)	2492.36	–0.3	2499.79	2522.47	2520.36	2454.27	4.07	1.52	20.16	85.88	1201.29
24 Diversified Industrials(19)	1521.56	–1.3	1541.06	1542.92	1544.96	1763.60	6.67	1.62	11.56	87.44	876.09
25 Electronic & Elect Equip(37)	2390.77	......	2391.47	2395.30	2399.00	2167.77	3.30	1.46	25.99	61.10	1259.19
26 Engineering(71)	2626.20	–0.5	2639.48	2652.82	2661.27	2156.89	3.10	2.46	16.39	64.45	1613.93
27 Engineering, Vehicles(14)	3224.75	......	3223.90	3234.68	3261.53	2615.73	2.15	2.66	21.86	98.84	1699.91
28 Paper, Pckg & Printing(26)	2642.12	+0.1	2638.38	2653.29	2657.97	2862.89	3.94	1.82	17.40	84.65	1118.40
29 Textiles & Apparel(19)	1198.16	–0.3	1202.22	1182.34	1175.10	1583.26	5.96	1.18	17.83	50.38	744.58
30 CONSUMER GOODS(82)	3744.73	–0.4	3758.05	3805.71	3804.06	3430.23	3.82	1.95	16.82	126.40	1408.34
32 Alcoholic Beverages(8)	2741.92	–0.5	2757.01	2762.42	2745.58	2930.63	4.64	1.63	16.58	104.05	1007.04
33 Food Producers(25)	2594.86	–0.6	2609.47	2623.40	2607.46	2560.81	4.05	1.86	16.55	83.19	1189.39
34 Household Goods(15)	2731.70	–0.9	2756.69	2740.72	2744.38	2572.28	3.73	2.26	14.83	70.66	1053.84
36 Health Care(18)	2078.21	–0.1	2080.63	2078.58	2071.41	2034.60	2.85	1.94	22.59	43.09	1274.60
37 Pharmaceuticals(14)	5804.13	–0.3	5820.24	5964.59	5996.98	4501.52	2.80	2.05	21.02	162.93	2002.31
38 Tobacco(2)	3691.95	......	3690.15	3672.40	3637.99	4620.87	7.02	2.11	8.44	262.07	950.74
40 SERVICES(255)	2591.88	–0.1	2594.53	2597.71	2595.65	2165.35	2.86	1.96	22.22	70.43	1366.71
41 Distributors(30)	2886.04	+0.9	2860.84	2824.51	2830.85	2713.91	2.93	2.01	21.20	73.30	1078.28
42 Leisure & Hotels(25)	3177.47	+0.1	3175.57	3194.03	3185.09	2466.69	2.75	2.03	22.40	172.11	1727.43
43 Media(45)	4436.27	–0.1	4441.81	4442.77	4442.55	3355.78	2.06	2.05	29.67	90.89	1623.39
44 Retailers, Food(15)	1948.50	–1.1	1970.59	1971.08	1961.45	2110.63	4.02	2.35	13.20	63.49	1259.84
45 Retailers, General(45)	2131.86	+0.1	2130.50	2132.56	2129.90	1788.41	3.01	2.08	19.99	55.80	1234.87
47 Breweries, Pubs & Rest.(22)	3079.94	–0.1	3083.60	3097.03	3101.82	2640.76	3.38	1.97	18.89	68.29	1493.46
48 Support Services(50)	2589.41	+0.6	2574.36	2567.22	2571.65	1833.41	1.90	2.25	29.19	43.54	1660.09
49 Transport(23)	2572.87	–0.4	2582.58	2599.54	2608.77	2176.63	3.68	1.12	30.40	82.14	1093.15
60 UTILITIES(33)	2243.33	–0.2	2248.18	2266.48	2274.51	2523.70	5.63	1.80	12.34	158.76	996.99
62 Electricity(12)	2352.17	–0.5	2363.88	2366.74	2385.86	2778.16	6.48	2.40	8.05	429.17	1273.69
64 Gas Distribution(2)	1259.62	......	1259.67	1265.53	1231.19	1656.42	9.51	0.83	15.76	68.51	661.64
66 Telecommunications(8)	1894.95	–0.1	1896.44	1925.17	1934.74	2106.81	4.26	1.59	19.21	50.32	880.17
68 Water(11)	2174.43	–0.3	2181.54	2178.53	2202.37	2114.04	6.33	2.31	8.56	94.85	1229.79
69 NON-FINANCIALS(670)	2058.10	–0.3	2063.69	2076.77	2075.27	1849.58	3.75	1.84	18.10	74.46	1592.57
70 FINANCIALS(104)	3274.80	–0.2	3281.77	3280.13	3281.71	2681.43	4.19	2.30	12.98	120.83	1440.68
71 Banks, Retail(8)	4700.65	–0.6	4731.24	4720.08	4717.77	3748.32	3.86	2.71	11.93	174.00	1570.78
72 Banks, Merchant(6)	3781.58	–0.1	3784.75	3804.87	3841.24	3494.03	2.76	2.85	15.89	91.01	1215.82
73 Insurance(21)	1548.15	+1.6	1523.22	1519.60	1517.96	1331.40	5.42	2.28	10.13	71.33	1192.24
74 Life Assurance(8)	3784.60	–0.1	3787.41	3806.58	3810.80	3086.51	5.42	1.47	15.73	151.01	1609.07
77 Other Financial(20)	2684.29	+0.5	2670.53	2677.51	2684.83	2370.49	3.98	1.77	17.78	86.83	1555.84
79 Property(41)	1655.28	–0.3	1659.92	1666.61	1673.49	1400.53	3.87	1.26	25.60	47.10	1035.18
80 INVESTMENT TRUSTS(127)	3211.92	–0.3	3223.17	3229.95	3238.16	2923.04	2.22	1.12	50.51	57.94	1132.09
89 FTSE All-Share(901)	1963.89	–0.3	1969.07	1978.82	1978.05	1737.42	3.77	1.92	17.26	70.10	1693.00
FTSE Fledgling	1235.24	–0.2	1238.07	1238.01	1239.57	1071.41	2.81	0.69	64.51	28.50	1306.48
FTSE Fledgling ex IT	1244.93	–0.3	1248.16	1248.06	1249.72	1069.38	3.02	0.62	67.13	31.26	1318.48

■ **Hourly movements**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	3999.4	4006.9	4006.3	4001.5	4000.3	3996.1	3993.6	3982.2	3993.6	4009.9	3981.2
FTSE 250	4432.0	4432.6	4435.7	4435.0	4434.7	4434.7	4431.5	4430.1	4432.3	4436.8	4429.7
FTSE 350	1991.6	1994.6	1994.6	1992.7	1992.2	1990.6	1995.3	1984.7	1989.3	1996.0	1984.4

Time of FTSE 100 Day's high: 9:32 AM Day's low: 2:21 PM. FTSE 100 1996 High: 4035.6 (08/10/96) Low: 3632.3 (16/07/96).

■ **FTSE 350 Industry baskets**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1189.3	1189.8	1190.4	1192.0	1192.0	1191.7	1191.4	1190.3	1190.1	1190.3	1189.5	+0.8
Pharmaceuticls	5710.8	5719.9	5738.3	5728.3	5728.3	5728.1	5704.9	5704.9	5731.5	5735.1	5751.5	–16.4
Water	2166.4	2165.9	2165.8	2162.5	2162.2	2161.3	2162.5	2162.0	2161.4	2160.2	2167.5	–7.3
Banks, Retail	4787.8	4807.9	4794.3	4793.9	4788.5	4782.2	4748.6	4747.3	4759.6	4760.6	4791.6	–31.0

For further information on the FTSE Actuaries Share Indices please contact FTSE International on 0171 448 1810. The FTSE Actuaries Share Indices are calculated in accordance with a standard set of ground-rules established by FTSE International in conjunction with the Faculty of Actuaries and the Institute of Actuaries. Auditor: The WM Company. † Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ‡ Values are negative.

FTSE INTERNATIONAL

TRADING VOLUME

■ **Major Stocks Yesterday**

	Vol. 000s	Closing price	Day's change
3i	[illegible]	[illegible]	[illegible]
ASDA Group†	[illegible]	[illegible]	[illegible]
Abbey National†	[illegible]	[illegible]	[illegible]
Albert Fisher	[illegible]	[illegible]	[illegible]
Allied Domecq†	[illegible]	[illegible]	[illegible]
Anglian Water	[illegible]	[illegible]	[illegible]
Argos†	[illegible]	[illegible]	[illegible]
Arjo Wiggins	[illegible]	[illegible]	[illegible]
Assoc. Brit. Foods†	[illegible]	[illegible]	[illegible]
BAA†	[illegible]	[illegible]	[illegible]
BAT Inds.†	[illegible]	[illegible]	[illegible]
BBA	[illegible]	[illegible]	[illegible]
BICC	[illegible]	[illegible]	[illegible]
BOC†	[illegible]	[illegible]	[illegible]
BP†	[illegible]	[illegible]	[illegible]
BPB Inds.	[illegible]	[illegible]	[illegible]
BSkyB†	[illegible]	[illegible]	[illegible]
BT†	[illegible]	[illegible]	[illegible]
BTR†	[illegible]	[illegible]	[illegible]
Bank of Scotland†	[illegible]	[illegible]	[illegible]
Barclays†	[illegible]	[illegible]	[illegible]
Bass†	[illegible]	[illegible]	[illegible]
Blue Circle†	[illegible]	[illegible]	[illegible]
Boots†	[illegible]	[illegible]	[illegible]
Bowater	[illegible]	[illegible]	[illegible]
Britannic	[illegible]	[illegible]	[illegible]
Brit. Aerospace†	[illegible]	[illegible]	[illegible]
British Airways†	[illegible]	[illegible]	[illegible]
British Biotech	[illegible]	[illegible]	[illegible]
British Energy	[illegible]	[illegible]	[illegible]
British Gas†	[illegible]	[illegible]	[illegible]
British Land	[illegible]	[illegible]	[illegible]
British Steel†	[illegible]	[illegible]	[illegible]
Burmah Castrol†	[illegible]	[illegible]	[illegible]
Burton†	[illegible]	[illegible]	[illegible]
Cable & Wireless†	[illegible]	[illegible]	[illegible]
Cadbury Schweppes†	[illegible]	[illegible]	[illegible]
Caradon	[illegible]	[illegible]	[illegible]
Carlton Comms.†	[illegible]	[illegible]	[illegible]
Chubb	[illegible]	[illegible]	[illegible]
Coats Viyella	[illegible]	[illegible]	[illegible]
Comm. Union†	[illegible]	[illegible]	[illegible]
Compass	[illegible]	[illegible]	[illegible]
Cookson	[illegible]	[illegible]	[illegible]
Courtaulds†	[illegible]	[illegible]	[illegible]
Dalgety	[illegible]	[illegible]	[illegible]
De La Rue	[illegible]	[illegible]	[illegible]
Dixons†	[illegible]	[illegible]	[illegible]
EMI†	[illegible]	[illegible]	[illegible]
East Midland Elec.	[illegible]	[illegible]	[illegible]
Electrocomps	[illegible]	[illegible]	[illegible]
Eng China Clays	[illegible]	[illegible]	[illegible]
Enterprise Oil†	[illegible]	[illegible]	[illegible]
FKI	[illegible]	[illegible]	[illegible]
Foreign & Col. I.T.	[illegible]	[illegible]	[illegible]
Gen. Accident†	[illegible]	[illegible]	[illegible]
General Elect.†	[illegible]	[illegible]	[illegible]
Glaxo Wellcome†	[illegible]	[illegible]	[illegible]
Glynwed	[illegible]	[illegible]	[illegible]
Granada†	[illegible]	[illegible]	[illegible]
Grand Met.†	[illegible]	[illegible]	[illegible]
GUS†	[illegible]	[illegible]	[illegible]
Greenalls	[illegible]	[illegible]	[illegible]
GRE†	[illegible]	[illegible]	[illegible]
GKN†	[illegible]	[illegible]	[illegible]
Guinness†	[illegible]	[illegible]	[illegible]
HSBC (75p shs)†	[illegible]	[illegible]	[illegible]
Hammerson	[illegible]	[illegible]	[illegible]
Hanson†	[illegible]	[illegible]	[illegible]
Harrisons C[illegible]	[illegible]	[illegible]	[illegible]
Hays	[illegible]	[illegible]	[illegible]
Hillsdown	[illegible]	[illegible]	[illegible]
Hyder	[illegible]	[illegible]	[illegible]
IMI	[illegible]	[illegible]	[illegible]
ICI†	[illegible]	[illegible]	[illegible]
Imperial Tobacco†	[illegible]	[illegible]	[illegible]
Inchcape	[illegible]	[illegible]	[illegible]
Johnson Matthey	[illegible]	[illegible]	[illegible]
Kingfisher†	[illegible]	[illegible]	[illegible]
Kwik Save	[illegible]	[illegible]	[illegible]
Ladbroke†	[illegible]	[illegible]	[illegible]
Land Securities†	[illegible]	[illegible]	[illegible]
Laporte	[illegible]	[illegible]	[illegible]
Legal & General†	[illegible]	[illegible]	[illegible]
Lloyds Abbey Life	[illegible]	[illegible]	[illegible]
Lloyds TSB†	[illegible]	[illegible]	[illegible]
LASMO†	[illegible]	[illegible]	[illegible]
London Elec.	[illegible]	[illegible]	[illegible]
Lonrho	[illegible]	[illegible]	[illegible]
LucasVarity†	[illegible]	[illegible]	[illegible]
MEPC	[illegible]	[illegible]	[illegible]
MFI	[illegible]	[illegible]	[illegible]
Marks & Spencer†	[illegible]	[illegible]	[illegible]
Mercury Asset Mgt.	[illegible]	[illegible]	[illegible]
Morrison (W.)	[illegible]	[illegible]	[illegible]
NFC	[illegible]	[illegible]	[illegible]
NatWest Bank†	[illegible]	[illegible]	[illegible]
National Grid†	[illegible]	[illegible]	[illegible]
National Power†	[illegible]	[illegible]	[illegible]
Next†	[illegible]	[illegible]	[illegible]
Northern Elec.	[illegible]	[illegible]	[illegible]
Northern Foods	[illegible]	[illegible]	[illegible]
Orange†	[illegible]	[illegible]	[illegible]
Pearson†	[illegible]	[illegible]	[illegible]
P & O†	[illegible]	[illegible]	[illegible]
Pilkington†	[illegible]	[illegible]	[illegible]
PowerGen†	[illegible]	[illegible]	[illegible]
Premier Farnell	[illegible]	[illegible]	[illegible]
Provident Financial	[illegible]	[illegible]	[illegible]
Prudential†	[illegible]	[illegible]	[illegible]
REXAM	[illegible]	[illegible]	[illegible]
RMC†	[illegible]	[illegible]	[illegible]
RTZ†	[illegible]	[illegible]	[illegible]
Racal	[illegible]	[illegible]	[illegible]
Railtrack†	[illegible]	[illegible]	[illegible]
Rank Group†	[illegible]	[illegible]	[illegible]
Reckitt & Colman†	[illegible]	[illegible]	[illegible]
Redland†	[illegible]	[illegible]	[illegible]
Reed Intl.†	[illegible]	[illegible]	[illegible]
Rentokil†	[illegible]	[illegible]	[illegible]
Reuters†	[illegible]	[illegible]	[illegible]
Rolls Royce†	[illegible]	[illegible]	[illegible]
Royal & Sun [illegible]	[illegible]	[illegible]	[illegible]
Royal Bk Scotland†	[illegible]	[illegible]	[illegible]
Safeway†	[illegible]	[illegible]	[illegible]
Sainsbury†	[illegible]	[illegible]	[illegible]
Schroders†	[illegible]	[illegible]	[illegible]
Scottish & Newcastle†	[illegible]	[illegible]	[illegible]
Scot. Hydro-Elec.	[illegible]	[illegible]	[illegible]
Scottish Power†	[illegible]	[illegible]	[illegible]
Sears	[illegible]	[illegible]	[illegible]
Sedgwick	[illegible]	[illegible]	[illegible]
Severn Trent†	[illegible]	[illegible]	[illegible]
Shell Transport†	[illegible]	[illegible]	[illegible]
Siebe†	[illegible]	[illegible]	[illegible]
Slough Ests	[illegible]	[illegible]	[illegible]
Smith (W.H.)†	[illegible]	[illegible]	[illegible]
Smith & Nephew†	[illegible]	[illegible]	[illegible]
SmithKline Beecham†	[illegible]	[illegible]	[illegible]
Smiths Inds.	[illegible]	[illegible]	[illegible]
Southern Elec.†	[illegible]	[illegible]	[illegible]
South West Water	[illegible]	[illegible]	[illegible]
Standard Chartered†	[illegible]	[illegible]	[illegible]
Storehouse	[illegible]	[illegible]	[illegible]
T&N	[illegible]	[illegible]	[illegible]
TI Group†	[illegible]	[illegible]	[illegible]
Tarmac	[illegible]	[illegible]	[illegible]
Tate & Lyle†	[illegible]	[illegible]	[illegible]
Taylor Woodrow	[illegible]	[illegible]	[illegible]
TeleWest Comms.†	[illegible]	[illegible]	[illegible]
Tesco†	[illegible]	[illegible]	[illegible]
Thames Water†	[illegible]	[illegible]	[illegible]
Thorn	[illegible]	[illegible]	[illegible]
Tomkins†	[illegible]	[illegible]	[illegible]
Unigate	[illegible]	[illegible]	[illegible]
Unilever†	[illegible]	[illegible]	[illegible]
United Biscuits	[illegible]	[illegible]	[illegible]
Utd. News & Media	[illegible]	[illegible]	[illegible]
United Utilities†	[illegible]	[illegible]	[illegible]
Vodafone†	[illegible]	[illegible]	[illegible]
WPP	[illegible]	[illegible]	[illegible]
Wessex Water	[illegible]	[illegible]	[illegible]
Whitbread†	[illegible]	[illegible]	[illegible]
Williams Hldgs.†	[illegible]	[illegible]	[illegible]
Willis Corroon	[illegible]	[illegible]	[illegible]
Wimpey	[illegible]	[illegible]	[illegible]
Wolseley†	[illegible]	[illegible]	[illegible]
Yorkshire Elec.	[illegible]	[illegible]	[illegible]
Yorkshire Water	[illegible]	[illegible]	[illegible]
Zeneca†	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FTSE 100 index constituent. All figures are rounded. Source: Extel, part of FT Information.

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OTHER OFFSHORE FUNDS

● MANAGED FUNDS NOTES

4 pm close October 10

NEW YORK STOCK EXCHANGE PRICES

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

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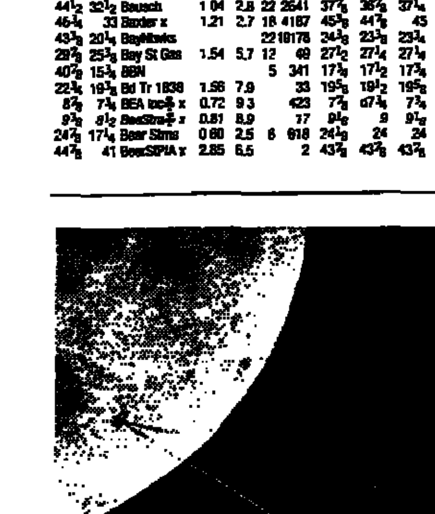


LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PAPER, PACKAGING & PRINTING - Cont.

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TELECOMMUNICATIONS - Cont.

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	52 week low	Mkt CapCm	Yld Gr's	P/E
Anglo Am Ind	..	£223⁄4xd	-1/4	*£341/4	£223⁄4	1,824	3.4	ϕ
Barlow	..#†	835	-5	£10⅞	553	1,284	2.0	-
Gold Flds Prop R	..	127½	—	170	120	13.1	8.6	10.1
NK Props	..	60	—	98	60	2.41	15.0	-
SASOL	♥	645	—	710	475	3,777	1.7	-
SA Brews	..	£17¼	-¼	£20⅝	£16¼	5,035	2.1	ϕ
Standard Bank	..	£28¾	-¼	£32¼	£22⅝	3,195	1.4	23.1
Tiger Oats	†	780	—	1270	770	1,188	2.0	16.4
Tongaat-Hulett	..	798xd	-¾	1247	736	766.3	2.3	ϕ

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated seperately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings'formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
N Dividend is paid in whole or part as a

FD (Foreign Income Dividend)
R Forecast annualise yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1350 a year for each security shown, subject to the Editor's discretion

Dow flat in advance of quarterlies

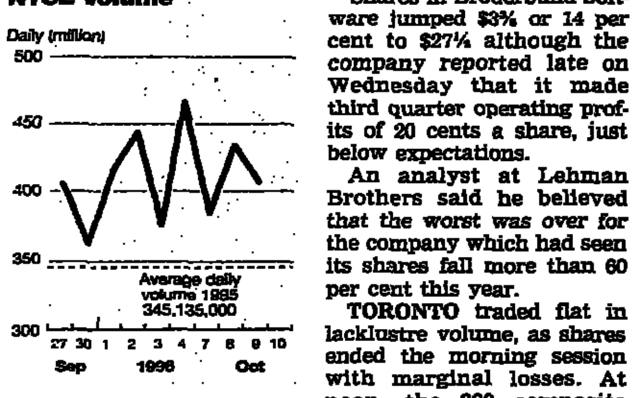
AMERICAS

US shares were mostly flat in early trading as investors awaited the deluge of corporate earnings reports set for release next week, *writes Lisa Bransten in New York.*

At 1 pm the Dow Jones Industrial Average was 6.34 weaker at 5,924.28 and the more broadly traded Standard & Poor's 500 fell by 0.38 at 696.36. Meanwhile, the American Stock Exchange composite gained 0.24 at 580.34. Volume on the New York Stock Exchange came to 235m shares.

Bonds exerted a negative pull on equities as a sharp drop in the number of filings for first-time unemployment benefits sent Treasury prices lower in morning trade.

NYSE volume



Investors in both markets were awaiting today's release of figures on September retail sales and producer prices in order to gauge the strength of the economy, and form opinions about whether the Federal Reserve would raise interest rates before the end of the year.

Technology shares were mixed but the Nasdaq composite, which is weighted toward that sector, managed to add 4.60 at 1,242.58 and the Pacific Stock Exchange technology index added 0.5 per cent.

The few earnings reports which came out had little impact on shares as they were broadly in line with *analysts' expectations.*

Two Dow components, General Electric and JP Morgan, issued third quarter results. GE slipped $\frac{3}{8}$ at \$92⅝ after reporting profits of \$1.08 per share, exactly in line with estimates. JP Morgan added $\frac{3}{8}$ at \$86⅛ in spite of earnings of \$1.53 per share, 6 cents below estimates.

Elsewhere, shares in Rhône Poulenc Rorer slipped \$2⅜ or 4 per cent to \$70⅞ after it announced that a joint venture would recall a drug used primarily in hospitals, and warned that the recall would cause 1996 earnings to be 10 to 12 per cent below analysts' expectations.

Monsanto added \$1¼ at \$41⅞ after announcing that it was considering separating its chemicals and life sciences businesses into two publicly traded companies.

Shares in Broderbund Software jumped \$3⅞ or 14 per cent to \$27⅛ although the company reported late on Wednesday that it made third quarter operating profits of 20 cents a share, just below expectations.

An analyst at Lehman Brothers said he believed that the worst was over for the company which had seen its shares fall more than 60 per cent this year.

TORONTO traded flat in lacklustre volume, as shares ended the morning session with marginal losses. At noon, the 300 composite *index was 2.16 lower at* 5,438.29.

Resource shares had the best of the morning, with the mining sub-sector gaining half a percentage point. Conglomerates featured at the other end of the performance charts, dipping almost one per cent.

Alcan Aluminium gained 95 cents to C\$41.35 and Northern Telecom put on C\$1.05 to C\$84.25. Banks were slightly easier. Royal Bank of Canada shed five cents to C\$41 and Toronto-Dominion Bank came off a similar amount to C\$29.05.

Canadian Pacific provided one of the sharper falls among blue chips, slipping *30 cents to C\$32.10. BCE fell* 45 cents to C\$58.50.

Caracas gives up 2.8%

Latin American markets were mixed in morning trade. ***CARACAS*** fell 2.8 per cent at midsession, surprising some analysts who had expected a firmer trend after Wednesday's *4 percentage* point drop in interest rates. The IBC index lost 174.00 at 5,971.05.

SAO PAULO edged lower as the state government began its drive to privatise part of its power sector, issuing a preliminary tender documents to find consultants to prepare its three power companies for sale.

One official said the sale was likely to be the world's largest privatisation during 1997. *The companies* had assets totalling \$43bn and a net worth of \$23bn. The Bovespa index was 36 weaker by midsession at 66,275.

MEXICO CITY edged higher, with the IPC index up 11.8 at 3,384.6 on the back of a weak peso.

S Africa faces profit-taking

There were clear signs of profit-taking in Johannesburg as investors reacted to seven days of uninterrupted *progress with a wave of selling orders.*

At the close, the overall index was 27.6 lower at 7,031.5. Industrials came off 28.7 to 8,238.7, but gold shares held relatively steady, shading 2.8 to 1,740.

Golds were supported by a better bullion price and a strong rise for Mid Wits *following news of the reorganisation* at parent company, Anglovaal. Mid Wits jumped R1 to R20. South African Breweries dipped 50 cents to R122.50. De Beers shed 50 cents to R145.75.

US warning shakes Rhône Poulenc

EUROPE

A dull early trend on Wall Street and a sharp fall for Rhône Poulenc, the chemicals and drugs leader, kept **PARIS** down and the CAC 40 ended off 11.08 at 2,135.63.

A profits warning from Rhône Poulenc Rorer, a 68 per cent owned US unit, trickled down into Rhône Poulenc shares where volume surged to 2.8m or five times the daily average.

Brokers rapidly downgraded their Rhône Poulenc profit estimates for this year – UBS trimmed by around 6 per cent – and the shares ended FFr4.30 or almost 3 per cent lower at FFr140.10.

Profit-taking, together with the news that its placing of Scor shares would not result in a capital gain, left UAP, the insurance giant, down 70 centimes at FFr108.20.

Havas dipped FFr3.20 to FFr357.80 ahead of the release of the media group's interim results – due after the close of the market.

Eurotunnel, down more than 17 per cent in two days, *steadied. The shares added* 15 centimes to FFr7.65 in 6.1m shares. Bouygues was FFr3.50 higher at FFr487.50 on the planned flotation of 40 per cent of its Bouygues Offshore unit.

Alcatel Alsthom firmed FFr2.60 to FFr449.60 and Lagardère FFr1.20 to FFr129.4 on speculation that a decision on the bid auction for the Thomson electronics and defence group was imminent.

FRANKFURT followed the Dow, the Dax index easing just 1.71 to 2,683.52 at the end of Ibis trading after an earlier low of 2,667.80, in turnover down from DM8.8bn to DM8bn.

RWE and Veba rose another DM1.04 to DM61.16, and DM1.02 to DM82.36, respectively, on their new telecommunications alliance, while Viag, abandoned by RWE on Wednesday, eased DM2.70 more at DM575.50.

Ms Isabelle Hayen at Goldman Sachs described the Viag two-day loss of DM28.90 as a *"knee-jerk reaction" to a* development in a long-term situation and thought that there might be scope for Viag to trade back upwards.

In the depressed construction sector, the relatively resilient Hochtief stepped out of character and dropped DM5.40 or 7.3 per cent to DM69. Mr Eckhard Frahm at Merck Finck in Düsseldorf noted that there had been further rumours recently of serious trouble at Philip Holzmann, the competing construction group in which Hochtief holds 25 per cent and which it would like to control.

AMSTERDAM softened in quiet trading and the AEX index fell 3.47 at 584.37.

Royal Dutch Shell mirrored the weak trend for US oil majors, dipping Fl 3.50 to Fl 276.1. KLM continued to wilt on tough trading worries, dipping a further Fl 1.40 to Fl 41.60.

Philips, buoyed lately by the news of a semiconductor pick-up in the US, came in *for profit-taking and the* shares eased 10 cents to Fl 64. VNU, which snapped up a near 15 per cent stake in Elsevier of the UK earlier this week, came off Fl 1.20 to Fl 31.70.

Among second-liners, KBB, the retailer, fell Fl 13.50 to Fl 128.50 following a profits warning.

ZURICH remained on a downward path from Tuesday's all-time high, and the SMI index finished 10.6 weaker at 3,797.3.

SMH dropped SFr25 to SFr822 as Standard & Poor's MarketScope research group issued a sell note, arguing that sales forecasts for the Swatchmobile, or Smart car, being developed in a joint venture with Mercedes Benz, might be wildly optimistic.

It predicted large losses from the project in 1998, and said this suggested that the shares could be trading at a premium of more than 40 per cent to the market.

A SFr7 advance in UBS to SFr1,250 on foreign and domestic demand was attributed to recurrent speculation about a restructuring.

CS Holding eased 75 centimes to SFr123 as speculation faded that today's shareholders' meeting would bring news of the sale of its stake in Elektrowatt.

MILAN picked up from the day's lows on comments from the Bank of Italy governor *that interest rates could* fall more swiftly if the government's 1997 budget was implemented in full. The Comit index was 9.2 down at 620.07 while the real-time Mibtel index picked up from a low of 9,832 to finish 46 weaker at 9,902.

Gemina, the financial holding group, fell L15 to L704.7 on news of the arrests of former managers on charges alleging false accounting.

Olivetti was L4.7 down at L511 while Cofide, Mr Carlo De Benedetti's financial holding company, gained L32.3 to L592.9 on renewed rumours of financial reorganisation within the group.

HELSINKI was unable to capitalise on the better tone in US technology stocks. Nokia A weakening late to close FM8 or nearly 4 per cent lower at FM201 as the Hex index fell 36.86 or 1.7 per cent to 2,163.37.

BRUSSELS was not amused by the proposed French fast food tax. Quick, the hamburger group with big French expansion plans, dropped BFr175, or 7.8 per cent, to BFr2,190. The Bel-20 index eased 4.62 at 1,765.13.

TEL AVIV shed 2 per cent on mutual fund selling, the Mishtanim index closing 3.76 lower at 181.68 in thin turnover. Activity was also weak in **ISTANBUL**, where gravity caught up with Turkish equities after a three-week, non-stop rally. The composite index dropped 2,939.57, or 3.7 per cent, to 76,572.25.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

FTSE Actuaries Share Indices

Oct 10						THE EUROPEAN SERIES			
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	1758.41	1757.67	1757.18	1757.64	1757.37	1755.06	1753.86	1754.34
FTSE Eurotrack 200	1808.74	1805.69	1805.25	1805.11	1803.65	1800.93	1799.79	1800.45

	Oct 9	Oct 8	Oct 7	Oct 4	Oct 3
FTSE Eurotrack 100	1768.10	1762.60	1763.88	1754.03	1749.01
FTSE Eurotrack 200	1812.84	1813.15	1818.22	1808.10	1803.74

Base value 1000 (26/10/90). High/day: 100 - 1758.67; 200 - 1807.02 Low/day: 100 - 1753.25 200 - 1799.71. † Partial.
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Moscow heads back to heights

Russian equities have been heading back towards their all-time highs as a number of factors brought foreign investors back into the fold, *writes Michael Morgan.*

The Moscow Times index rose 2.05 to 321.63 yesterday, taking the week's rise to 11 per cent. While this is 8 per cent short of the year's high set on July 4, after President Boris Yeltsin was re-elected, it is still 143 per cent up since the beginning of this year.

Standard & Poor's and Moody's both awarded Russia *better than expected* credit ratings. Gazprom, the gas monopoly which is opening up to foreign investors, has embarked on a two-week roadshow in Europe, the US and Asia to promote its international offering.

The IMF's decision to pay out another \$350m tranche under Russia's \$10bn loan programme also bolstered confidence.

Rumours that Mr Yeltsin had died, which briefly unsettled Wall Street and European markets on Wednesday, came after Moscow had closed, and were already denied as trading began yesterday.

Even at its new levels, the market retains adherents. Ms Sophia Shaw at Regent Pacific, which is currently launching its sixth Russian fund, says Moscow is not a "short-term punt".

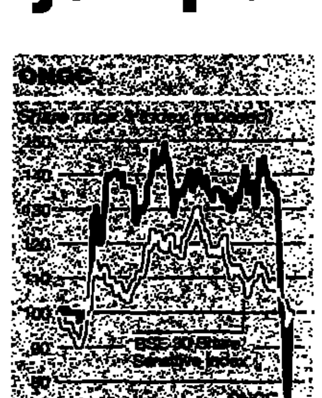
She regards Russia as one of the most important emerging markets for medium to long-term investors.

Russia

Bombay jumps 2.9% on short-covering

ASIA PACIFIC

BOMBAY was propelled 2.9 per cent *higher on short-*covering by speculators who had long positions during the sharp decline earlier in the week.



The BSE-30 index rose 88.71 to 3,126.34, also supported by strong demand from local and foreign funds. ONGC, the country's top oil producer, finished Rs21.50 higher at Rs166.25 as speculators covered short positions after Wednesday's sharp fall.

Meanwhile, the National stock exchange applied a circuit breaker after the shares jumped 6.7 per cent in early trade.

HDFC, the housing finance company, leapt Rs99.25 to Rs2,088.75 *on renewed for*eign demand for the shares after their 22 per cent slide over the last month.

Telco, the truck maker, was Rs14.25 higher at Rs413.50 following its announcement of a 25 per cent rise in domestic sales in the first six *months* of the current financial year.

Tokyo and Taipei were closed for public holidays

Burroughs Wellcome India was Rs9.25 higher as one broker recommended the stock as a cheaper route to buying into Glaxo India ahead of the forthcoming merger.

BANGKOK *fell to a new* low for the year on worries about the economy and next month's general election, which continued to gnaw away at investor sentiment.

At the close, the SET index was off 1.73 per cent at 933.00, a fall of 16.44. There *was heavy selling* of financial stocks following rumours that a property group and a stockbroker faced financial difficulties.

National Finance and Securities, a leading broker, closed limit down at Bt54, off Bt6 on bad debt speculation. Somprasong Land denied rumours of a cash squeeze. Its shares ended Bt1.25 lower at Bt12.50.

SEOUL was higher for the fifth straight session, supported by growing hopes of a cut in interest rates, and the composite index overcame a brief spell of profit-taking to close 12.43 higher at 830.21.

Analysts noted that money-market rates showed signs of declining as yields on three-year corporate bonds hit an intraday low of 11.77 *per cent against* 12.40 per cent earlier in the week.

Among the day's rising blue chips, Posco, the steelmaker, rose Won200 to Won45,500 and Kepco, the electricity monopoly, was Won700 higher at Won27,100.

JAKARTA, off 20 points in *two days, clawed higher on* bargain-hunting yesterday. The composite index added 1.61 to 567.93 after touching a high of 569.06.

Sampoerna, the cigarette maker hit this week by debt downgrade worries, recovered sharply, rising almost 6 *per cent to end at Rp19,375,* up Rp1,075 in heavy volume.

Surya Dutamakmur, the property group, was the day's most active stock, trading 6.5m shares and closing Rp50 higher at Rp650.

Hotel Sahid Jaya dipped Rp50 to Rp1,100 after the company denied takeover rumours, but said it was considering a rights issue.

SYDNEY closed higher amid rising expectations of an interest rate cut. The All Ordinaries index closed up 12.8 at 2,323.5. Dealers said that rate cut hopes were given a boost by yesterday's September unemployment figures.

Bank stocks were keenly sought, with National Australia Bank moving up 13 cents at A\$13.48 and ANZ gaining 7 cents to A\$7.35. BHP rose 17 cents to A\$16.29, and transport leader Brambles added 30 cents at A\$20.70.

SINGAPORE pulled back after Wednesday's advance, with investors unable to find incentives to buy. The Straits Times Industrials index lost 24.89 at 2,110.57.

Jurong Cement and Malaysia's Rashid Hussain were among gainers, rising 15 cents each to S\$5.75 and S\$8.35 respectively. Cerebos Pacific and Singapore Press Foreign fell 40 cents each to S\$10.90 and S\$23.60 respectively.

HONG KONG edged back after Wednesday's record close on profit-taking which left the Hang Seng index eased 8.10 at 12,242.47.

KUALA LUMPUR was lower for a second straight day, still feeling the effects of program selling by foreign funds which left blue chips lower on Wednesday.

The composite index finished 2.00 weaker at 1,138.92 as analysts forecast that the market would remain lethargic ahead of the 1997 budget, due on October 25.

WELLINGTON continued to edge lower ahead of tomorrow's general election. The 40 Cap index dipped 25.31 to 2,231.71 in modest trading volume. NZ Telecom fell 30 cents to NZ\$6.90.

MANILA moved lower for the fourth day running, with the main index off 23.89 at 3,002.35. the index leader, Petron, hardened 10 centavos to 9.40 peso, but most leading stocks lost ground.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY OCTOBER 9 1996 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY OCTOBER 8 1996 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (78)	208.22	-0.9	197.32	146.73	165.46	175.45	-1.0	4.34	210.22	199.37	147.86	166.91	177.15	212.18	179.77	184.31
Austria (24)	181.29	0.5	171.81	127.76	144.06	143.95	0.6	1.95	180.33	171.02	126.84	143.17	143.06	195.04	168.11	182.43
Belgium (27)	216.29	-0.7	204.97	152.42	171.88	168.07	-0.5	3.97	217.75	206.51	153.16	172.88	168.88	221.99	190.88	194.14
Brazil (28)	181.07	-0.1	171.60	127.60	143.89	341.20	-0.0	1.90	181.34	171.98	127.55	143.96	341.20	189.70	123.97	147.13
Canada (116)	175.00	-0.0	165.84	123.32	139.06	171.60	-0.1	2.08	175.00	165.98	123.10	138.95	171.68	175.50	134.14	144.45
Denmark (30)	329.46	0.3	312.24	232.19	261.82	262.42	0.4	1.75	328.44	311.49	231.02	260.77	261.35	329.48	276.89	282.45
Finland (23)	217.21	-1.4	205.84	153.07	172.60	208.11	-1.3	2.40	220.20	208.84	154.88	174.83	210.87	253.37	171.73	247.78
France (93)	198.83	-0.6	188.42	140.12	158.00	161.15	-0.5	3.02	200.00	189.68	140.68	158.79	161.93	200.00	167.70	171.16
Germany (58)	180.26	0.3	170.82	127.03	143.24	143.24	0.4	1.71	179.73	170.46	126.42	142.70	142.70	180.26	155.66	159.69
Hong Kong (59)	463.31	1.1	439.06	326.50	368.16	459.92	1.1	3.39	458.30	434.65	322.36	363.87	454.95	463.31	354.67	383.82
Indonesia (27)	201.94	-2.1	191.37	142.31	160.47	287.22	-2.2	1.75	206.21	195.57	145.05	163.73	293.55	-	-	-
Ireland (16)	305.81	-0.7	289.81	215.51	243.01	268.86	-0.6	3.34	308.10	292.20	216.71	244.62	270.46	308.44	241.27	246.97
Italy (58)	77.95	-0.8	73.87	54.93	61.95	88.71	-0.5	2.32	78.58	74.53	55.27	62.39	89.13	84.53	67.22	73.54
Japan (480)	142.22	-0.9	134.77	100.22	113.01	100.22	-0.7	0.77	143.48	136.08	100.92	113.92	100.92	164.68	137.75	146.78
Malaysia (107)	571.56	-0.5	541.66	402.79	454.20	551.43	-0.4	1.20	574.34	544.70	403.96	456.00	553.65	585.09	425.77	478.12
Mexico (27)	1281.30	0.3	1214.24	902.94	1018.18	10815.36	0.9	1.32	1278.81	1210.94	898.09	1013.75	10616.76	1325.65	791.99	1032.36
Netherland (19)	309.03	-0.6	292.86	217.78	245.57	242.05	-0.6	3.05	310.99	294.94	218.74	246.92	243.40	310.99	251.81	258.70
New Zealand (15)	86.78	-0.7	82.24	61.15	68.96	66.82	-0.3	4.11	87.35	82.84	61.44	69.35	67.06	87.97	75.94	78.64
Norway (35)	263.15	0.4	249.37	185.44	209.11	232.26	0.4	2.19	262.20	248.67	184.43	208.18	231.27	263.15	222.24	232.32
Philippines (22)	187.75	-1.5	177.93	132.31	149.20	245.76	-1.5	0.86	190.65	180.82	134.10	151.37	249.50	-	-	-
Singapore (43)	387.19	1.2	366.93	272.86	307.68	251.57	1.1	1.11	382.76	363.02	269.23	303.90	248.83	465.21	381.94	376.73
South Africa (44)	353.13	0.1	334.65	248.85	280.61	350.41	0.2	2.19	352.67	334.47	248.06	280.01	349.60	437.76	314.20	360.66
Spain (37)	182.97	-0.6	173.40	128.94	145.40	178.27	-0.5	3.30	184.00	174.51	129.42	146.09	179.11	184.00	145.15	146.49
Sweden (48)	391.66	-0.9	371.18	276.02	311.24	381.82	-1.0	2.24	395.12	374.73	277.92	313.71	385.69	395.12	294.19	307.68
Switzerland (37)	248.41	-0.5	235.41	175.06	197.40	192.89	-0.3	1.53	249.69	236.80	175.62	198.24	193.49	254.34	217.62	219.88
Thailand (45)	121.22	0.1	114.88	85.43	96.33	119.70	0.1	2.87	121.16	114.91	85.22	96.19	119.66	188.65	118.32	168.43
United Kingdom (213)	252.66	-0.5	239.44	178.05	200.78	239.44	-0.6	3.94	253.87	240.77	178.57	201.57	240.77	253.87	220.85	225.05
USA (624)	283.81	-0.6	268.96	200.00	225.53	283.81	-0.6	2.09	285.37	270.65	200.73	226.59	285.37	286.55	236.36	236.93
Americas (795)	259.75	-0.5	246.15	183.05	206.41	218.39	-0.5	2.08	261.06	247.61	183.64	207.29	219.44	262.12	215.17	216.54
Europe (718)	221.32	-0.4	209.73	155.96	175.87	193.01	-0.4	2.96	222.28	210.81	156.35	176.48	193.77	222.28	191.44	194.20
Nordic (136)	333.63	-0.6	316.17	235.11	265.11	288.70	-0.7	2.16	335.74	318.42	236.15	266.57	288.68	335.74	261.13	284.34
Pacific Basin (876)	157.58	-0.7	149.34	111.05	125.22	112.60	-0.5	1.24	158.66	150.47	111.60	125.97	113.20	177.01	148.86	157.40
Euro-Pacific (1594)	184.02	-0.6	174.39	129.68	146.23	142.91	-0.5	2.10	185.04	175.50	130.16	146.92	143.57	190.57	166.51	172.64
North America (740)	277.23	-0.5	262.72	195.37	220.30	276.40	-0.5	2.09	278.68	264.31	196.02	221.27	277.85	279.61	230.17	231.21
Europe Ex. UK (505)	199.43	-0.4	189.00	140.54	158.48	165.92	-0.3	2.40	200.25	189.92	140.85	159.00	166.42	200.25	170.51	173.49
Pacific Ex. Japan (396)	294.25	0.1	278.85	207.36	233.82	254.11	0.1	2.94	294.08	278.91	206.85	233.49	253.83	298.69	243.59	258.44
World Ex. US (1809)	186.02	-0.5	176.29	131.09	147.82	147.38	-0.4	2.10	186.98	177.33	131.52	148.45	148.60	191.55	167.36	173.65
World Ex. UK (2220)	213.10	-0.5	201.94	150.17	169.34	181.84	-0.5	1.90	214.24	203.18	150.69	170.10	182.69	214.87	185.61	189.91
World Ex. Japan (1953)	256.19	-0.4	242.79	180.54	203.56	242.40	-0.4	2.44	257.32	244.04	180.99	204.30	243.41	257.75	217.26	218.97
The World Index (2433)	216.52	-0.5	205.19	152.58	172.05	187.03	-0.5	2.10	217.66	206.43	153.10	172.82	187.92	218.23	189.87	192.98

Market closed 10/10/96: Japan. Latest prices were unavailable for this edition.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

EUROPE

[illegible]

PACIFIC

[illegible]

AFRICA

[illegible]

NORTH AMERICA

[illegible]

INDICES

[illegible]

US INDICES

Dow Jones	Oct 9	Oct 8	Oct 7	1996 High	1996 Low	Since compilation High	Since compilation Low
Industrials	5930.62	5966.77	5979.81	5992.86	5032.94	5992.86	41.22
				(4/10)	(10/1)	(4/10/96)	(8/7/32)
Home Bonds	102.51	102.72	102.55	108.68	100.99	108.77	54.99
				(14/2)	(15/7)	(18/10/93)	(1/10/81)
Transport	2048.63	2076.17	2085.30	2296.28	1882.71	2296.28	13.23
				(22/5)	(18/1)	(22/5/96)	(8/7/32)
Utilities	221.49	222.66	222.19	234.60	204.86	256.46	16.53
				(12/2)	(30/7)	(31/8/93)	(8/7/32)

DJ Ind. Day's high 5985.03 (6032.38) Low 5892.23 (5930.24) (Theoretical‡)
Day's high 5974.97 (6010.00) Low 5915.34 (5960.06) (Actual‡)

Standard and Poors	Oct 9	Oct 8	Oct 7	1996 High	1996 Low	Since compilation High	Since compilation Low
Composite‡	696.74	700.64	703.34	703.34	598.48	703.34	4.40
				(7/10)	(10/1)	(7/10/96)	(1/6/32)
Industrials♥	822.88	827.35	830.69	830.69	702.07	830.69	3.52
				(7/10)	(15/1)	(7/10/96)	(30/6/32)
Financial	74.05	74.47	74.82	74.86	58.67	74.86	7.13
				(4/10)	(10/1)	(4/10/96)	(4/9/74)
NYSE Comp.	371.35	373.51	374.74	374.74	321.41	374.74	4.64
				(7/10)	(10/1)	(7/10/96)	(25/4/42)
Amex Mkt Val	580.10	582.01	582.22	614.99	525.80	614.99	29.13
				(22/5)	(16/7)	(22/5/96)	(9/12/74)
NASDAQ Cmp	1237.96	1240.15	1250.78	1250.78	988.57	1250.78	54.87
				(7/10)	(15/1)	(7/10/96)	(3/10/74)

■ RATIOS

	Oct 4	Sep 27	Sep 20	Year ago
Dow Jones Ind. Div. Yield	2.15	2.17	2.16	2.43
	Oct 9	Oct 2	Sep 25	Year ago
S & P Ind. Div. yield	1.85	1.95	1.97	2.07
S & P Ind. P/E ratio	22.84	22.74	22.54	17.94

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Micron Tech	8,812,500	32¾	+⅝
AT & T	5,195,100	39¼	-⅛
Lucent Tech	4,115,700	47⅞	+1¾
Beth Steel	3,343,100	8	——
LSI Logic	3,299,100	28	2
Homestake	3,225,300	14½	+⅛
Pepsico	3,321,300	28½	-¼
Airtouch	3,192,700	26	-⅝
Time Warner	3,103,000	41	+⅝
Fresenius	2,881,100	24⅞	-½

■ TRADING ACTIVITY

● Volume (million)

	Oct 9	Oct 8	Oct 7
New York SE	409.910	434.861	383.739
Amex	18.552	21.501	29.760
NASDAQ	583.492	580.428	480.344
NYSE			
Issues Traded	3,240	3,244	3,232
Rises	887	1,019	1,130
Falls	1,468	1,370	1,214
Unchanged	885	855	888
New Highs	80	143	234
New Lows	36	31	29

■ S&P 500

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	700.60	700.50	-	701.50	696.50	80,426	179,360
Mar	-	706.75	-	-	705.20	272	4,508

■ Nikkei 225

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	20940.0	20910.0	-120.0	21010.0	20890.0	18,306	198,210
Mar	21140.0	21030.0	-210.0	21140.0	21010.0	319	10,202

Open interest figures for previous day.

INDEX FUTURES

[illegible]

● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ... highs and lows are the averages of the highest and lowest prices reached during the day by each ... and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached ... are previous day's). ♥ Subject to official recalculation.

■ TOKYO - MOST ACTIVE STOCKS: Wednesday, October 9, 1996

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	3.2m	337	-2	Sanyo Elect	2.1m	552	-17
Fuji Heavy Inds	3.0m	524	+9	Toshiba Corp	2.1m	745	-8
Hitachi	2.8m	1,040	-10	Fujitsu	2.0m	1,040	-10
Hitachi Zosen	2.5m	550	-11	Tokai Kogyo	2.0m	690	+43
NKK	2.2m	284	-2	Miyakoshi	1.9m	830	-60

Power groups band to fight suits

By Simon Holberton in London

Eight of Britain's leading electricity companies are planning to create an £8m ($12.48m) fund to fight legal claims that electromagnetic fields generated by high-tension power lines are hazardous to health.

The companies, which include National Grid Group, South Western Electricity and London Electricity, are being advised by Willis Corroon, an insurance broker, to establish a company in Guernsey to fund potential financial contingencies arising from legal actions. Guernsey, the second and largest of the Channel Islands between England and France, makes its own tax laws.

"A priority of the electricity industry must be to prevent legal precedent being established," Willis Corroon says in a confidential report, a copy of which has been seen by the Financial Times.

Claims about the harmful effects of electromagnetic fields (EMFs) on health are controversial. Links have been alleged between EMFs – which are generated by all electrical systems – and childhood and brain cancers, as well as other ailments.

Five cases are pending against the industry for the alleged harmful effects of EMFs. The first is against Norweb, which is being sued by the parents of a boy who died aged 13 from leukaemia.

His parents allege their son's leukaemia came from the household electricity meter. They have secured legal aid to take the case to the High Court, and the outcome could set a precedent.

The Electricity Association, the industry lobby, said yesterday: "There has been no causal link proven to date" [between EMFs and ill health]. "We understand people's concern and support research into childhood cancer." Mr Alasdair Philips of Powerwatch Network, a group which monitors electricity and health issues, said, however, that there was clear research evidence implicating EMFs in ill health. "The problem is real, it's just the scale that's debated," he said.

Mr Derek Lickorish, director of customer service and external affairs of South WEstern Electricity, which is leading the eight, said the electricity companies had banded together in the hope of achieving a lower cost solution to a common problem.

"We all hold public liability insurance, but when we look around the world the number of [EMF] cases is rising as well as the cost of fighting them," he said.

Lloyd's threats trigger response from 'refuseniks'

By Jim Kelly, Accountancy Correspondent

Lloyd's of London said yesterday that up to 60 dissident investors who refused to join the market's £3.2bn ($5bn) settlement have sought talks after receiving letters threatening legal action over unpaid bills.

The news came as Lloyd's went ahead with its debt recovery programme. Up to 200 writs were due to be issued to individual investors – or Names – representing the first tranche of what could be more than 1,000 writs.

Among the first Names to be issued writs, according to High Court records, are some of the leading "refuseniks" – those who have said they will not join the settlement and hope to counter-claim against Lloyd's alleging fraud.

Mr David Harris, one of the leaders of the newly formed dissident investors group, the United Names Organisation, is in the first tranche. Also named are Mrs Sally Noel and Sir William Jaffrey, who are leading campaigners in the newly formed International Foundation for the Rights of Man.

Also named is Mr Tony Gooda, who recruited Names to some of the highest loss-making syndicates at Lloyd's and who applied to the insurance market's hardship committee to help him avert possible bankruptcy in 1993.

Ms Catherine MacKenzie Smith of the United Names Organisation, said that money was "coming in every day" to the the organisation's fighting fund which needed £4.5m to help demonstrate that Names were the victims of fraud.

The organisation alleges that some Names were knowingly duped into joining Lloyd's when some market professionals knew that heavy liabilities were likely to fall on investors.

Between 50 and 60 "refuseniks" are understood to have contacted Lloyd's – either to pay their bills or seek talks.

● Chatset, the independent Lloyd's analyst, said it expected the insurance market to report a profit to Names of £1.058bn for the 1994 year of account when results are unveiled under Lloyd's three-year accounting system. The forecast is slightly up on Chatset's last forecast of £1.024bn made in January 1996. Chatset's forecast for the 1995 year has also improved – from £888m to £908m.

U-475, a submarine built for the Soviet navy which is now moored on the Thames in London, is being moved to Bristol docks in the south-west after failing to break even as a tourist attraction. The boat is owned by Russian Submarines UK, a private company.

Chancellor applauded for European stance

By Robert Peston, Political Editor

Mr Kenneth Clarke, the UK's chancellor of the exchequer, yesterday won an important victory over the Conservatives' Eurosceptic right wing at the party's annual conference when he received a rapturous ovation for an uncompromising speech on Europe and the economy.

After 18 months in which he has often felt marginalised by his party's Eurosceptic drift, Mr Kenneth Clarke proved that he remains one of the government's most powerful performers.

It was in "Britain's interest" to keep open all options on whether to join a single currency, he insisted. He won unexpected cheers when calling on party members to "spend the next six months and the election uniting behind that policy".

This was an explicit warning to Eurosceptics that he would continue to block demands for sterling's participation in monetary union to be ruled out.

Delegates were on their feet for almost five minutes at the end of his bravura performance, which cleverly exploited their fears of a possible Labour victory in the general election expected next year. In a signal that the prime minister will resist the persistent calls from the right for his combative chancellor to be removed, Mr John Major took his hand in the middle of the ovation.

Mr Clarke also in effect ruled out big reductions in income tax in November's Budget. His priorities were to cut public spending and public borrowing. "When I have done those things, and only then, I will assess the room for any tax cuts", he said. His Budget had to "create the climate for an honest election campaign", so "tax cuts must be for keeps".

However, ministers agreed yesterday that the basic rate of income tax would probably be cut by a penny to 23 pence in the pound.

Prior to the conference, the Tory Eurosceptic right had been hopeful it would be able force the prime minister to rule out sterling's membership of a single currency for at least the lifetime of the next parliament.

Their leading members yesterday acknowledged that they had been held in check.

Mr Michael Portillo, defence secretary, yesterday attempted to rebuild his political reputation with a conference speech in which he made an impassioned appeal for party unity, George Parker writes.

The speech was in stark contrast to his appearance at last year's party conference. He recalled then the sacrifices of British military personnel in the second world war and said the country was still blessed with troops willing to give their lives "for Britain, not for Brussels".

Yesterday he was given polite applause. In the past he was received in rapture. Out yesterday went the rabble-rousing rhetoric of last year, to be replaced by a tour through the work of armed forces around the world. Mr Portillo failed to make his usual onslaught against Brussels, and he even referred to the Eurofighter, a prime example of EU co-operation.

The defence secretary is constrained by his cabinet position from campaigning overtly for the party leadership. Yesterday he made the best of this enforced loyalty. "In order to win we need three new policies: unity, unity, unity," he said.

CONSERVATIVE PARTY CONFERENCE

Editorial Comment, Page 13

Search for ostrich company assets to be widened

By Clay Harris in London

The liquidators of Ostrich Farming Corporation yesterday won broader powers to trace at least £3.75m ($5.85m) of assets, much of which was sent to accounts in the Cayman Islands.

OFC raised nearly £22m by selling ostriches to investors before being closed on public interest grounds by the British government's Department of Trade and Industry this year.

Its liquidators, two partners of Coopers & Lybrand, are suing two companies and four men over alleged "excessive payments" made by OFC to and through intermediaries.

A judge in the High Court in London extended the mareva injunctions freezing the defendants' assets and broadened a disclosure order to oblige them to tell what had become of the assets after they reached the Cayman accounts.

Two of the defendants, OFC directors Mr Brian Ketchell and Mr Allan Walker, represented themselves in court in an unsuccessful effort to persuade the judge to adjourn the hearing until they could arrange legal representation.

Mr Michael King, for OFC, said that another defendant, Mr Jack Bennett, had admitted in an affidavit that he had paid money from Wall-street Corporation LLC, another defendant, on the instructions of Mr Ketchell and Mr Walker. Mr King said: "The evidence is plain beyond peradventure that the assets of the company [OFC] were stripped out and distributed" through intermediaries to the four individual defendants.

Resisting the release of additional money from the frozen assets, he said: "We are anxious that there should not be a perpetual leaking of that money by way of legal costs."

Mr King said the broader order was needed because "the affidavits of assets don't appear to tie up at all with the amount of money these firms have received." He said the sixth defendant, Mr Kevin Jones, had failed to answer questions about the whereabouts of a Bentley valued at £136,000.

Mr Ketchell told the judge, who had presided at the original hearing in March, that the DTI had provided him then with "no more than a pack of lies and untruths", with the result that the company had been closed unfairly. Outside the court, Mr Ketchell and Mr Walker said OFC had been the victim of a government conspiracy because of the beef crisis. They rejected the liquidators' claim that nearly a third of the 3,700 ostriches sold to investors did not exist.

UK NEWS DIGEST

Inflation data worry markets

The government's target measure of inflation rose unexpectedly last month, fuelling concern that the consumer recovery is producing price pressures. Official figures yesterday showed the biggest monthly increase in clothes and footwear prices since records began almost years ago.

The figures, which suggest retailers are exploiting strengthening consumer spending to rebuild profit margins, make it more likely that Mr Kenneth Clarke, the chancellor of the exchequer, will have to raise interest rates if he is to hit the government's target of 2.5 per cent underlying inflation in two years.

The annual rate of headline inflation was 2.1 per cent last month, unchanged from August, the Office for National Statistics said yesterday. But underlying inflation – which excludes mortgage interest payments – rose to 2.9 per cent in September, compared with 2.8 per cent in August. Clothing and footwear prices rose 5.2 per cent in September.

UK financial futures markets reacted strongly to the figures. UK government bonds fell more than two thirds of a point. The short-sterling contract suggested base rates expected to be 6 per cent by the end of December and 6.5 per cent by next March, compared with their current 5.75 per cent. *Graham Bowley and Nicholas Timmins*

■ SWEATED LABOUR

Code for textile working planned

The British Apparel and Textiles Confederation is to produce a register of clothing manufacturers observing nationally agreed working conditions as part of a drive to end the industry's use of sweated labour.

The move coincides with an agreement yesterday by the BATC, which is an umbrella organisation for clothing manufacturers, and the British Retail Consortium to take part in a national forum with the same aim. The forum was called for last week by C&A, the big retail chain.

The moves come after the Financial Times published the results of a two-month investigation into pay and conditions for staff at clothing manufacturers based in Birmingham, England's second largest city. It found that several big retailers were using UK-based clothing suppliers which pay staff as little as £1.50 ($2.34) an hour to work long shifts in often squalid conditions. *Jenny Luesby*

■ INTERNET

User total rises steeply

Strong growth in the number of Internet users in Britain is continuing, with an increase of 33 per cent in the six months to June this year. NOP, the market research group, estimates that 3.6m Britons have used the Net at least once, and the growth shows no signs of slowing. An on-going survey by the group shows that most users are new to the Net, with 67 per cent having linked up in the past year. The rise in companies publishing information on the World Wide Web, the Internet's graphical interface, has led to more satisfaction among business users: 39 per cent now report that they have gained business opportunities from their connection, compared with 30 in December 1995. *James Mackintosh*

■ HOLIDAY INDUSTRY

Charter flights fall 8%

The decline of the summer package holiday this year was reflected in figures released yesterday by BAA, the airports operator.

Passengers travelling from Britain on charter flights to destinations elsewhere in Europe from BAA's seven airports fell by 8 per cent to 1.4m last month compared with September last year. This follows a 6.2 per cent drop in August to 1.5m passengers compared with the same time last year. *Scheherazade Daneshkhu*

■ BEEF CRISIS

Farmers urge minister to quit

The National Farmers' Union yesterday demanded the resignation of Mr Douglas Hogg, the agriculture minister, after passing a vote of no confidence in him. The vote at a regular quarterly meeting of the NFU council shows the strength of feeling among farmers over Mr Hogg's handling of the "mad cow" crisis.

Mr Hogg has been unable to persuade the European Union to end an export ban on British beef which was imposed when the government said there could be a link between the cattle disease, bovine spongiform encephalopathy, and Creuzfeldt-Jakob disease in humans.

Government officials said yesterday that Mr Hoog had the prime minister's full confidence. The NFU has passed such a motion only once before, in 1987. *Maggie Urry*

■ ACCOUNTANCY

Firm faces penalty over 'gift'

BDO Stoy Hayward, a leading medium-tier accountancy firm, faces a £5,000 ($7,800) penalty from the Institute of Chartered Accountants in England and Wales after four members of staff accepted a trip to Paris on Eurostar with Prudential, the insurance group. The trip breached regulations. However the institute said the firm's integrity and independence had not been prejudiced.

Prudential said the trip was a "thank-you" and did not breach Securities and Investments Board regulations *Jim Kelly*

■ CORRECTION

Luton airport

Luton airport, from which EasyJet flies to Amsterdam, is less than 60km from central London, not 100km as stated in the Financial Times yesterday.

Pensions market set for shake-up

By Christopher Brown-Humes in London

A £1.5bn ($2.34bn) joint venture that aims to shake up UK pension fund management was launched yesterday by Liberty International, the financial services and property group, and the British Telecommunications Pension Scheme, the UK's biggest fund.

It aims to capitalise on shifts in the occupational pensions market and attract business from customers using big shopping centres.

It will draw on the fund management skills of Hermes, which manages £31bn of assets for BTPS and the Post Office.

A prime aim of the venture, Liberty International Pensions, is to exploit the shift away from traditional defined benefit – or final salary – schemes in favour of defined contribution – or money purchase – arrangements in the corporate pensions market. LIP says it will provide low-cost administration for money purchase schemes, while Hermes provides specialist index-tracking fund management.

LIP also plans to offer personal pensions to retail customers to exploit Liberty International's ownership – through Capital Shopping Centres – of some of Britain's biggest out-of-town shopping malls.

The venture will gain critical mass from the outset with a £1.5bn injection of pension fund assets from BTPS. It will be cemented by BTPS taking a 10 per cent stake in LIP for £5m, with the balance held by Liberty International. Liberty International Pensions, which still needs approval from the Department of Trade and Industry, is expected to start in the second quarter of next year. It marks Liberty's re-entry into the pensions market after last year's sale of its 50 per cent stake in Sun Life to UAP, the French insurer. Liberty International is 69 per cent owned by Liberty Life Association of Africa, the South African insurance group.

Lex, Page 20

Marketmakers face growing threat of extinction

Order-driven trading is cutting a swathe through traditional jobs in the London stock market

No wonder some investment banks resisted the move to order-driven trading in the top 100 London stocks. The reform – which some executives have compared with the Big Bang that liberalised the London market a decade ago – has already left casualties among traditional UK marketmakers.

Merrill Lynch, the US investment bank which became the largest trader of UK shares when it acquired Smith New Court, this week announced it was transferring or laying off 14 of its 64 marketmakers in anticipation of the new trading system. NatWest Markets and UBS are scaling back by a similar proportion.

Under the new trading system for FTSE 100 stocks, due to come into effect late next year, equity traders will use a computer system which will match buy and sell orders.

This development means that the number of marketmaking positions in the City of London is expected to fall by at least 25 per cent. Moreover, as the London market becomes more similar to New York or Paris, marketmaking is sure to change out of recognition.

This traumatic move to order-driven trading is just one of many regulatory and technological developments that have transformed the marketmaker's job. In some cases, the most powerful effect of the change has been to concentrate minds and force an overdue restructuring.

Marketmaking staff in London

Investment bank	Before cuts	After cuts
NatWest Markets	29	21
UBS	60	48
SBC Warburg	36	20
Merrill Lynch	64	50

The most noticeable effect of technology has been to enable equity trading operations to operate with fewer staff. The latest generation of SBC Warburg's trading system allows a transaction to be booked with two clicks of a mouse button rather than the 14 keystrokes it used to take. NatWest Markets, which had 90 marketmakers in 1988, manages with 21 after the latest cuts.

"The reason it has come down is that our technology people have found a way of extending each person's frame of reference: one man can monitor more stocks," said Mr Scott Dobbie, chairman of NatWest Securities, part of NatWest Markets.

The pace of change has been slow because many managers of marketmaking businesses are uncomfortable with the direction the business is moving.

Mr Michael Marks, co-head of global equities at Merrill Lynch and a Smith New Court veteran, said that the decision to cut staff was difficult. But investment banks' margins on equity trading had come under increasing pressure.

"Programme trading" – the competitive business of executing a large batch of orders on behalf of investing institutions – is growing. In effect, institutions are achieving cheap execution by buying in bulk.

The advent of order-driven trading appears to be the final straw. Some investment banks such as Merrill Lynch doubt that UK fund managers, determined to maintain their anonymity, will want to commit their orders to computer screens. And UK clients still value the liquidity that London marketmakers provide. Investment banks will still have to commit capital to satisfy large orders and service clients. Nevertheless, they will need fewer people.

Most of the survivors will become what are called "sales traders" in the US. They will take customer orders and input them into the order-matching computer system. The traditional marketmaker is a dying breed.

Nicholas Denton

COMMERCIAL PROPERTY

هكذا من الأصل

4 pm close October 10

NYSE PRICES

1996 High	1996 Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
Continued from previous page										
33⅞	22⅝	SciAtlanl	0.60	1.8	15	15	32⅞	32¼	32½	+¼
20⅛	12	SciAtl	0.06	0.3	228	4895	18½	17⅞	18¼	+¾
24	17	Scotsman x	0.10	0.4	12	34	23	22⅞	22⅞	-⅛
47½	38⅛	Scripps	0.52	1.1	26	229	46⅛	45⅝	45⅝	-¼
16⅛	12⅞	ScudderNAsF	0.02	0.2		221	13⅛	13⅛	13⅛	
14⅛	11	ScudderEoF	0.16	1.2		113	13¾	13⅝	13⅝	
20½	16	SeaCnB	0.17	0.9	25	8	19¼	19	19	-⅝
16	15	SeaC1.4625	1.46	9.4		5	15½	15⅜	15½	
67¾	38⅞	S'gate			31	20057	65½	63⅝	65⅞	+2¼
36⅞	30⅞	Seagrm	0.60	1.7	24	7345	36	35½	35⅝	-¼
26	17⅛	Seagull En	1.20	5.7	13	1047	21½	21	21	-½
39⅛	26	Sealed Air	0.64	1.7	26	382	38⅝	38⅛	38⅝	+⅜
53⅞	38¼	SearsR	0.92	1.9	17	10554	48⅝	47⅞	48¼	+⅜
22⅝	19¾	ScCpS8½	1.24	5.5	20	202	22½	22¼	22¼	-⅛
13	11⅞	Seligm Sel	0.84	6.8		78	12½	12⅜	12⅜	-⅛
23¼	13⅝	Sensormat	0.22	1.3	13	803	17⅝	17¼	17⅜	
48½	29½	SequaA	0.60	1.4	49	5	42⅝	42⅝	42⅝	+⅛
53⅝	39	SequaB	0.50	1.0	80	39	52⅝	52⅜	52⅜	
31¾	19½	SerCp	0.24	0.8	29	2160	29⅝	29⅛	29⅜	-⅜
25¼	19½	Svmstr	0.68	2.7	16	227	25⅜	25⅛	25⅝	+⅜
6¼	4½	SvMerch			10	704	4¾	4⅝	4⅝	
50⅛	28½	SGSThm			10	1625	49⅞	48⅝	48⅝	-1⅛
15⅝	10⅝	Shaw Ind	0.30	2.5	30	973	12	11¾	11⅞	
[illegible]										
47⅞	39¾	Xtra Corp	0.72	1.7	16	24	42⅞	42⅞	42⅞	-½
25¾	20⅜	Yankee Egy	1.30	5.6	12	29	23½	23⅛	23½	+⅜
53¾	43⅞	York Int	0.36	0.7	22	377	49	48⅛	49	+½
3⅞	3	Zapata	0.14	3.9	10	97	3⅝	3½	3⅝	
25¾	5⅞	ZnthEl			11	4836	16⅜	15¾	15⅞	
28⅞	21⅛	Zenith Nat	1.00	3.7	35	168	27	26¾	26¾	-¼
7⅛	6½	Zeolx Inc	0.72	10.1		29	u7⅛	7⅛	7⅛	+⅛
22⅞	15⅛	Zero	0.12	0.6	17	33	20	19⅞	20	
24¼	16½	Zurn Ind	0.40	1.7	20	786	u24¼	22⅞	23⅝	+1⅛
11⅜	10½	Zweig Fund x	1.08	9.9		420	11	10⅞	10⅞	-⅛
8	8¼	Zweig Toll x	0.84	9.9		405	8½	8¾	8½	

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1996. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. sls-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.

Dealings suspended.

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NASDAQ NATIONAL MARKET

4 pm close October 10

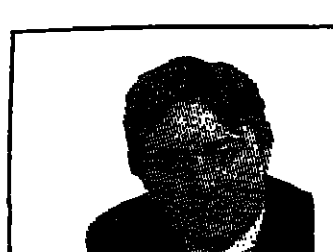
Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
[illegible]							

AMEX PRICES

4 pm close October 10

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
[illegible]							
Pegasus G	0.10	105	1332	10⅝	10¼	10½	
[illegible]							

COMMENT & ANALYSIS



Philip Stephens

The enemy within

This week's show of Tory unity could yet be undermined by a Eurosceptic turn as the election approaches

It is a tale of two parties. One has awoken to the grim reality of a general election, to the prospect that 17 years in power may end in the wilderness of defeat. At the eleventh hour it has resolved to make a fight of it. This first is the party which delivered a thundering, foot-stomping ovation to Kenneth Clarke. It saw in a symbolic clasping of hands between chancellor and prime minister a last chance to win.

The second is fatalistic about the election outcome. Its adherents are shuffling and manoeuvring to ensure that the blame for defeat falls elsewhere. Most, though not all, of its followers worship at the altar of ideology. Europe is the enemy. This is the party preparing for opposition.

From the platform of their Bournemouth conference, Britain's Conservatives have been making the case for a fifth term. They have done so with unfamiliar discipline and, very occasionally, with verve. They have confounded the fears of the Tory hierarchy that this week's gathering would turn into a bloody brawl.

For those who have witnessed the civil war on the Tory benches at Westminister during the past few years, it has been a curious experience. John Major, so beleaguered in office, has seemed relaxed and revived. Among friends – and the local activists here are not the fair-weather variety found in Mr Major's cabinet – the temporising prime minister somehow reinvents himself as the tenacious leader. If only he was as confident in 10 Downing Street as he seems on the campaign trail.

His ministers have played the incumbency card. Put together, the raft of announcements this week falls well short of a strategic vision for a fifth term. The case for small government can be made convincingly only when Tory politicians admit it demands an assault on middle-class welfarism, on their own supporters. You cannot keep on kicking the poor. But each ministerial appearance was a reminder nonetheless of the advantage which lies with ruling parties. They can do things. Oppositions can only make promises.

The cabinet's Eurosceptics have been on best behaviour. Michael Portillo now understands that for as long as he sits around Mr Major's cabinet table he cannot outbid John Redwood for the backing of the backbench Europhobes. As defence secretary, Mr Portillo has grown up. He understands that his chance of leading the party rests in being seen to be loyal now to the prime minister.

Mr Clarke, though, delivered the most important address of the conference. There had been whispers beforehand that the conference would sit on its hands when he spoke. He wears his unfashionable commitment to Europe not on his sleeve but emblazoned across his ample chest. To make matters worse, he has shown calculated stubbornness in resisting calls from the populist right of his party for a slash-and-burn Budget.

But the chancellor delivered the speech of a lifetime. Sure, there was nothing in it for economists. But its political impact was immense. In 25 minutes the hounded had become the hero. And he will cut taxes in November.

> Many of those who applauded the chancellor in Bournemouth had spent the earlier part of the week in packed meetings of the Eurosceptics

The section of the speech devoted to taxes and spending was written and rewritten at least half-a-dozen times to get it right before delivery. Last year he had teased his audience about the approaching Budget. Speculation ran riot. He resolved not to repeat the error. Instead he observed a simple political rule. Public satisfaction is best measured as the difference between reality and expectations. So the first priority must be to keep expectations low.

Mr Clarke also understands that the voters are not complete fools. Before the 1992 election, the government shamelessly fiddled the Treasury books. That trick can be played only once. Honest Ken intends to stand side by side with Honest John.

There are real obstacles too. The public spending round is proving as painful as the arithmetic looks. The ministers who argue most vociferously the philosophical case for tax cuts defend their own budgets with equal ferocity. The cabinet committee charged with finding the money for a giveaway Budget tax cuts has yet to fix a single one of Whitehall's big departmental budgets.

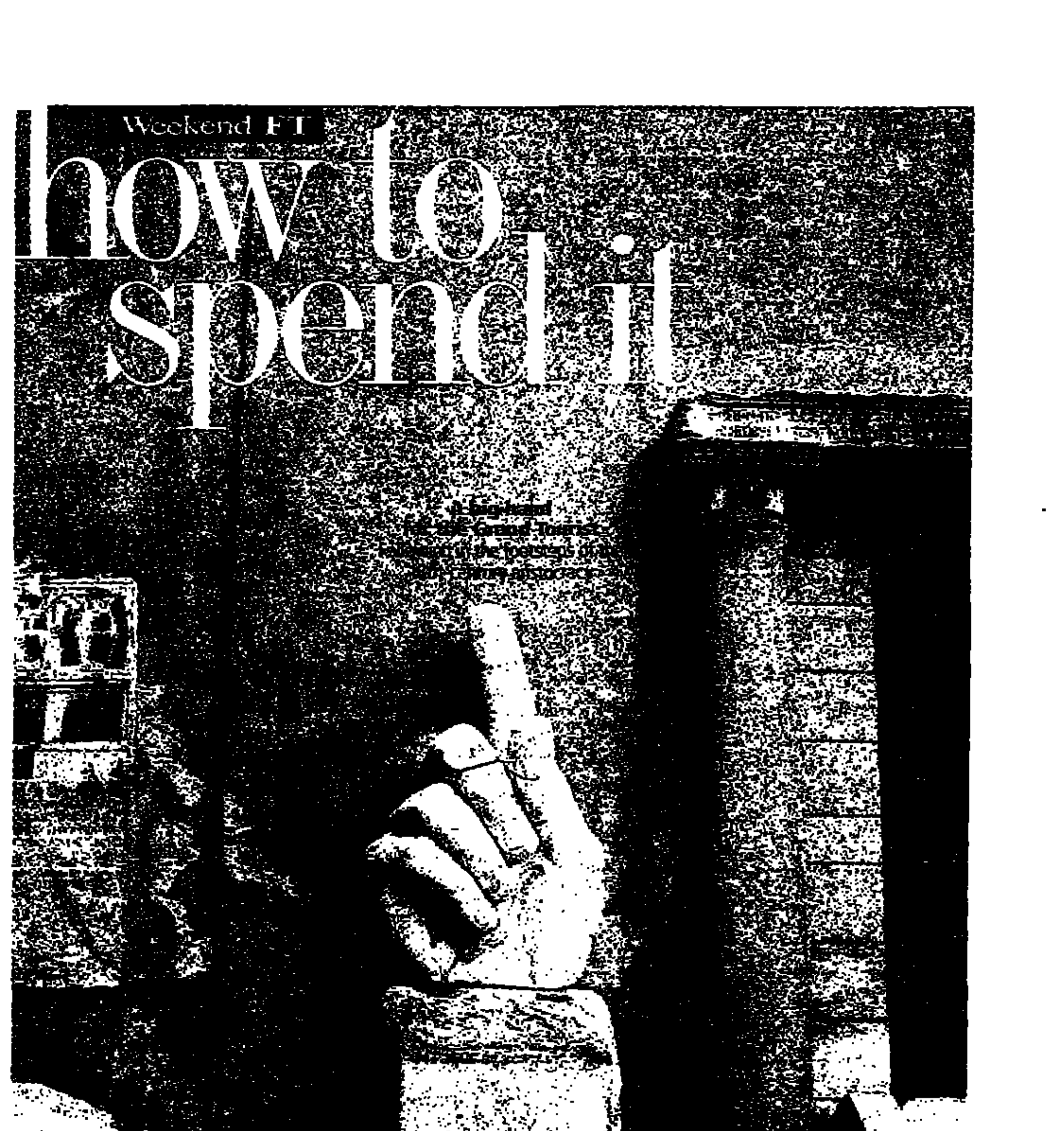
But the chancellor is also a realist. For all the innate caution of the Treasury establishment, the fiscal arithmetic has improved since the last official forecast in the summer. Last autumn, Mr Clarke lopped a little over £3bn from the tax burden. Mr Major wants at least the same again before the election. So do all those party workers who cheered so loudly Mr Clarke's pledge of fiscal responsibility.

There was another crucial message in the chancellor's speech, one destined for constant repetition. Whatever the government has done in the past (and it has hurt a lot more than either Mr Major or Mr Clarke would care to admit), you know where you are with the Tories. Tony Blair has projected New Labour as safe Labour. But cannot change also be dangerous?

All this, though, ignores the malign influence of the second party. This has been a week of shifting allegiances as the instinct for loyalty has mingled with the ever stronger tide running against Europe. Many of those who applauded the chancellor had spent the earlier part of the week in packed meetings of the Eurosceptics.

The symbol of their angst is the Franco-German project for economic and monetary union. They cannot conceive that a Conservative government might abolish the pound. And Europe fills a bigger vacuum. In the 1980s there were visible enemies – the state and the trade unions at home, the Soviet Union abroad. Deprived of those demons, many see in Brussels a natural substitute. So it is no longer just the single currency. Though few admit so publicly, the logic is taking the sceptics inexorably along the road of detachment and then withdrawal from Europe.

It is tempting to conclude that Mr Major and Mr Clarke have jointly put the issue to rest until the election. Michael Heseltine's formidable political weight is also behind the wait-and-see approach to Emu. But it would be foolish to underestimate the sceptics. They will fight until the last. In spirit at least, many in the cabinet are on their side. It is much too soon to say the Conservatives have left the worst of times for the best of times.



LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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World Bank behind environmental advance

From Mr Andrew D. Steer.

Sir, Your article on the World Bank and the environment ("World Bank admits to weakness on environment", October 4) missed the point. Of course, we will continue to identify and publicise where we and our developing country clients need to do a better job. But by focusing exclusively on the remaining journey, your article failed to capture the dramatic changes that are already under way on the path to make development more sustainable.

Consider the facts: around 100 developing countries have now prepared national environmental strategies, and about half of this number have made some of the toughest decisions needed to reverse environmental decline. The World Bank is currently financing 68 countries in their efforts to reform environmental policies. The active lending portfolio to these countries specifically targeted to improve environmental conditions stands at more than $11bn.

The World Bank's insistence that environmental considerations be factored into investment design is having a substantial impact on the shape of our own lending portfolio. But, together with in-country capacity-building efforts, it is also helping to raise standards for a much wider set of projects.

No wonder then that Maurice Strong, secretary general of the Rio Earth Summit, recently wrote: "For me, the single most important and encouragin[g] development since Rio ha[s] been the emergence of the World Bank under Preside[nt] Jim Wolfensohn as a leadi[ng] champion of sustainable development."

Andrew D. Steer,
director, environment department,
The World Bank,
Washington DC 20433, US

UK has encouraging monetary regime

From Mr Simon Briscoe.

Sir, I agree with much of what Martin Wolf says ("A qualified yes to Emu", October 8), except I do not believe the UK has a "defective monetary regime". The UK's system is potentially good and could easily be better than one resulting from a politically driven Emu.

The formal features of the UK's post-ERM framework – an inflation target, semi-independent Bank of England, an independent inflation report, monthly monetary meetings with published minutes and reports from the panel of advisers – are as sound as those in any other country. This structure is buttressed by the pursuit of sound fiscal policy (which will deliver the Maastricht requirements without continental-style fiddles) and a general philosophy of basing judgments on "a wide range of information, including monetary and other financial indicators, indicators of activity and indicators of costs".

It has still to build up a track record, as does any new system, but the sensitivity with which rates have been adjusted since 1992 and the resultant "soft landing" is a very encouraging start. It is not entirely coincidental that no other leading country has had a better inflation and growth performance in the past four years.

Critics of the UK framework might consider alternatives (including that for the euro) in terms of various criteria: cohesion (dealing consistently with fiscal and monetary policy), accountability (one person being in control of all economic policy), clarity, openness and independence (ability to pursue UK interests).

I am surprised the chancellor has not explained the new structure more vigorously, in particular how it stands a better chance than its predecessors of delivering stable, non-inflationary growth. More explanation would reassure financial markets.

Simon Briscoe,
UK economist,
Nikko Europe,
55 Victoria Street,
London SW1H 0EU, UK

Too sour

From Ms Mavis Mayo.

Sir, Clement Crisp on Jeffrey Bernard's latest bo[ok] ("One-legged and on a tightrope", September 8) w[as] oh so sour and oh so crisp.

Does your reviewer not recognise that anyone wh[o] makes any of us laugh deserves a little better.

Clement, if you don't understand Jeffrey's work and a significant part of your review was devoted t[o] you, your feelings of antipathy – then don't tak[e] the review job on in the fi[rst] place. Or, if you really nee[d] the money, take someone's little liver pills before putting pen to paper.

Mavis Mayo,
Bates Road, RR 3,
Box 37A,
Cambridge, NY 12816 US

A full-time MP please

From Mr T.M. Alcorn.

Sir, I was surprised to learn in your editorial "MPs for hire" (October 3) that the UK has a "tradition of part-time MPs".

This is news to me.

This idea has never been mentioned at the party conferences, in election manifestos or in individual election addresses.

In the forthcoming election I will be voting for a candidate who will be a full-time MP with no outside "interests".

Or I will not vote.

T.M. Alcorn,
8 Gordon Road,
Clifton, Bristol, UK

Reciprocity is answer to US visa nightmare

From Mr Stephen C. Goss.

Sir, Further to Amon Cohen's article "Grounded by red tape" (Business Travel, October 7) on visas permit me to add to his comments on obtaining US visas.

Without doubt, in my more than 30 years' experience, the US provides one of the worst and rudest services of any leading nation. Apart from the calvary of voice mail, even if you reach a human they tend to be local nationals, not American consular officials, with (especially in third world countries) an immensely superior attitude, poor training and (probably) minimum wages.

Consulates are dependencies of the US State Department, immigration a dependency of the Justice Department. Hence, even though a rude consular official grants you a visa, the immigration official at port of entry has no obligation to honour the visa.

I have, in the past, been involved in lengthy negotiations to obtain entry. The solution is clear.

Let us demand reciprocity. While the so-called visa waiver experiment (valid for certain nations) is liable to cancellation and only applies to arrival on carriers that have signed an agreement (which carriers?), it is not infallible – the green form is not always available.

As an example, if you arrive by private aircraft you may be subject to swingeing fines since the carrier has not signed up. a first step let us demand t[he] same indignities of all US citizens wishing to visit th[e] EU.

They should apply for a visa; pay $20; certify that o[ne] is not a health risk; has no criminal record; is not a subversive, etc, etc.

By subjecting US citizen[s] to the same procedures we might instil civility in the US bureaucracy. Pie in the sky? Who knows?

Stephen C. Goss,
Gemocasha CA,
Apartado Postal 66950,
Caracas,
Venezuela

Europa • Martin Hufner

Open book for citizens

A US-style survey would help reconcile Europeans to economic union

For all the media attention given to European monetary union, many citizens still seem uncomfortable with the concept of a single currency. Perhaps there is a simple reason: Europeans have little experience that would allow them to consider themselves part of a true continent-wide economy.

With the Maastricht clock ticking, the question is what can be done. The usual answer is: give more information.

But a multitude of comparative statistics is already published about the European economies, largely produced in individual member states. What is needed is better quality information – facts and analysis that will improve the public understanding of the European Union as a single economy.

At present, the most common type of data published is the so-called convergence charts covering items such as government deficit, public debt, interest rate and exchange rate levels. These are prepared by financial institutions to monitor whether the economies of EU countries are converging in the way required by the Maastricht treaty as a condition for membership of the single currency.

These European league tables are useful. Not only do they provide a snapshot of how individual national economies are performing, they also have some of the succinct competitive flavour of football league rankings – with all the emotions this entails. They show how far these economies still have to go to achieve a truly stable European currency.

But these statistics do not provide much in terms of underlying analysis. In fact, they do little more than focus on national shortcomings and inferiorities. For example, if the level of the deficit is rising in France, or that of overall debt in Italy, the popular reaction in Germany is predictable: "I don't know whether we should be prepared to form an inseparable alliance with those guys. All this will mean is that the inflation rate will go up."

By focusing in the official statistics on what sets countries apart, the seeds of distrust are sown. We should focus on creating a keener understanding of the interdependence of economic circumstances throughout Europe's nations. In that sense, it seems crucial to re-emphasise the other dimension of European integration that tends to be forgotten with all the hubbub over monetary union – European economic union.

Economic reporting practices in the US provide an example for Europe. Since 1983, the US Federal Reserve has prepared the so-called Beige Book, which demonstrates to citizens the reality of America's economic union.

Officially titled the *Summary of Commentary on Current Economic Conditions by Federal Reserve District*, it examines consumption, manufacturing, services, construction and agriculture in each of the 12 regions. By following the same pattern of analysis for each region, it unifies a nation that includes states such as California and Texas, which would be sizeable economic powers in their own right.

Assembled eight times a year, the Beige Book's main purpose is to brief the Fed's governors on the state of the US economy before each meeting of the Open Market Committee, which sets US interest rates. Compiled by each of the regional Federal Reserve banks in turn, it is published two weeks before committee meetings.

Most of the important US newspapers and business magazines report the findings of the Beige Book using attractive graphs and charts. Readers learn, for example, that while unemployment is falling in one region, it is rising in another. Differences in property markets, producer prices, bank lending figures, inflation rates – all can be highlighted to provide a kaleidoscope of the varying economic conditions throughout the country.

What the reader learns is that a nation can experience significant differences in important economic indicators and still be united by one currency. For those who want to build a European identity, a US-style Be[ige] Book – adapted to Europe[an] circumstances – would ma[ke] interesting reading.

Without such a unify[ing] overview, the nations[of] Europe will continue to [ru]n the risk of translating vari[a]tions in their economic st[a]tistics into lingering susp[i]cions about national abilit[ies] and inabilities. The proje[ct] of Europe in general, a[nd] that of bringing a moneta[ry] dimension to the Europe[an] Union in particular, suffe[rs] as a consequence.

But who should be [in] charge of preparing the E[uropean] Beige Book? The Europe[an] Monetary Institute – for[e]runner of the European ce[n]tral bank – would be a nat[u]ral candidate to take char[ge] of drafting it. As in the U[S], the document could be com[]piled by the differe[nt] national central banks on rotating basis.

The production of a Eur[o]pean Beige Book could [do] much to help alleviate [the] nagging fears of the citize[ns] of EU member states, wh[o] are afraid to hop into be[d] with their neighbours. [It] would make plain even [to] the doubters that [the] various national economi[es] no longer stand on their ow[n] feet but are part of a del[i]cately calibrated economi[c] system that spans [the] continent.

The author is chief economi[st] of Bayerische Vereinsbank [in] Munich

هكذا من الأصل

THE PROPERTY MARKET

Manhattan's high-profile comeback

Foreign investors are fuelling a New York recovery, says **Tracy Corrigan**

Whether it is cause or effect, the comeback of Donald Trump, New York's flashiest property developer in the 1980s, has coincided with a recovery in the Manhattan market.

While few developers would go as far as Mr Trump in characterising it as "very hot" and "stronger than in the 1980s", the New York property market does at last seem to be staging a real recovery, following its collapse in 1991.

"Foreign investors are moving back into the market. It's not quite at the point where sellers and buyers agree on prices, but there is certainly good news compared with what we have been going through," says Ms Wendy Luscombe, a property investment adviser at WKL Associates.

For the past four years, prices in downtown Manhattan, which includes the Wall Street area, have been blighted as companies have moved their businesses to larger, plusher offices in midtown.

The result has been a widening gap between downtown and midtown rates. Top-tier midtown prices have risen to $39 to $45 per sq ft, with 12 to 14 months of free rent.

This improvement has been reflected in the investment market. Three buildings in 1995 changed hands for more than $200 per sq ft, and a record for this cycle was set with the sale of 30 Rockefeller Center for $275 per sq ft, according to Jones Lang Wootton US, the chartered surveyors.

In the downtown area, rents are still languishing in the $27 to $34 per sq ft range at the top end of the market – high quality buildings like the prestigious World Financial Center and World Trade Center. But many buildings fall well below this category. One law firm which followed the herd to midtown a few years ago now reckons it could save $15 per sq ft by moving back downtown.

As a result of the migration, the vacancy rate in midtown fell from 11.7 per cent in July 95 to 11.4 per cent in July 96, according to Jones Lang Wootton.

That may seem a slight drop, but class A midtown vacancies are down to 9.1 per cent – and in New York, anything below 10 per cent is viewed as a very tight market.

But the widening of the gap between downtown and midtown properties appears to have run its course. The latest signs are that the tighter, pricier midtown property market is persuading cost-sensitive companies to look downtown again.

Furthermore, there has been a move to convert office properties into residential buildings, in an effort to rejuvenate the downtown area. The Lower Manhattan Revitalisation Programme, which started a year ago, provides tax abatements for converting office space to residential.

There are more than 20 planned conversions so far; some may involve converting only the top of a tower building, where the narrower space is located, since residential apartments need more window space than offices.

This has removed some commercial properties from the market, taking up some of the slack caused by uptown migration. "Downtown rents have bottomed out, because some of the supply has been taken out," says Ms Luscombe.

The residential market is also buoyant. Even with relatively slow growth, the stronger US economy has created more jobs – an estimated 33,000 last year in New York. And the Wall Street boom is generating spending on apartments.

Indeed, the shift from buying to renting has caused a squeeze in the rental market, as condominiums built for sale, but rented for the past few years, are at last finding buyers. The elimination of the so-called Cuomo tax, a 10 per cent tax on the net capital gain on properties over $1m, is also providing some market support.

But there is little of the giddy enthusiasm of the 1980s to be found. "I still think the market will not go crazy again," says Mr Michael Dow, president of Jones Lang Wootton US. "People are still very careful about how much space they take."

The property sector can always be vulnerable to sudden shocks. A collapse in the stock prices, for example, or a few more big mergers like the Chase/Chemical bank deal, which typically puts property back on the market, could still pose a threat to the market's progress.

Donald Trump: 'I consider myself a great builder' Frank Spooner

A good name to trumpet

Even in a city where nearly every public building, garden or park bench proudly displays the name of its benefactor, the prominence of the Trump name in New York is eyecatching.

Trump Tower, Trump Palace, Trump Parc, Trump Plaza ... the expansion of Mr Donald Trump's real estate empire, after several sticky years, now seems to be limited only by his ability to think up further variations on this theme.

The latest is Trump International Hotel and Tower, due to open next year, which overlooks Columbus Circle on one side and Central Park on the other. As well as the Trump name, it boasts one of the most prestigious addresses in Manhattan: One Central Park West. Mr Trump describes the hotel and condominium development, with his characteristic bravura, as "the most successful ever built".

But the liberal sprinkling of his name, he claims, makes good business sense. "The name just gets tremendous dollars," he claims. "General Electric [Trump's partner in the project] felt we would get at least $200 to $300 more per square foot if it was called Trump International. And it has been proved right – we are 80 per cent sold out."

No surprise, then, that his Riverside South development of more than 8m sq ft of residential, commercial and retail space, overlooking the Hudson River on the West Side of Manhattan, is about to be renamed. No firm decision has been taken, but Mr Trump has had a great idea: Trump Boulevard.

And has Mr Trump become more cautious since his high level of debt nearly brought him down when the property market collapsed in 1991? "Slightly," he falters. "But you can't build up what I've built up without leverage."

His pace of expansion certainly seems to have picked up again. Last month he announced the purchase of 55 Wall Street, a landmark 19th century neo-classical building. He is already redeveloping 40 Wall Street, a 70-storey 1920s building opposite the New York Stock Exchange.

The secret of success in the New York property market? "I don't consider myself a good promoter, but I consider myself a great builder. With Trump International, I hit it just right. Because the building is so successful, everyone says Trump did a great job promoting the building, but the building promoted me."

Tracy Corrigan

FINANCIAL TIMES
Friday October 11 1996

ABB chief to step down as sales climb to $34bn

Barnevik seeks to avoid succession problems

By Hugh Carnegy in Stockholm and William Hall in Zurich

Mr Percy Barnevik, one of Europe's most prominent corporate leaders, is to step down as chief executive of Asea Brown Boveri, the Swiss-Swedish company he has forged in less than a decade into one of the world's leading heavy engineering groups.

Although only 55, Mr Barnevik – widely admired for his disciplined management style – made clear he wanted to avoid the kind of awkward succession problems that plague many big companies when ageing bosses cling to power.

"With ABB well established on the road of long-term profitable growth, it was a natural time for this kind of transition. You should not stay too long in this kind of job," he said yesterday.

Mr Barnevik said he did not want to be like Lord Weinstock, continuing to run rival General Electric Company of the UK into his seventies.

He is to be succeeded from January 1 by Mr Göran Lindahl, a fellow Swede who will move up from his post in charge of ABB's power transmission operations.

Mr Barnevik remains group chairman – a post he has held since early this year – and will play what he called an "active" role in supervising strategy and sustaining ABB's complex global network of companies and contacts. He said ABB would remain his top priority and he would continue to work at the company's Zurich headquarters.

He also intends to spend more time as an international business leader, a role in which he has already had some success, particularly in developing ties with the European Commission and governments in eastern Europe.

Mr Barnevik has been chief executive of ABB since it was formed through the merger of Sweden's Asea and Switzerland's Brown Boveri in 1988.

Since then its annual turnover has soared from $18bn to almost $34bn last year. In spite of stagnation in many of its markets, it has bolstered its competitiveness and profitability by boldly shifting production to central and eastern European sites.

Mr Lindahl, 51, has been a member of ABB's top management team since the merger. He stressed no changes in strategy were planned over ABB's drive into Eastern Europe and Asia.

Mr Lindahl's appointment is sure to increase concern in Switzerland that the balance of power is tilting towards Sweden within ABB, which is jointly controlled by the Swedish Wallenberg family and Switzerland's Schmidheiny family.

Colleagues under spotlight, Page 16; Observer, Page 13

Malaysian premier denounces corruption in his party

By James Kynge in Kuala Lumpur

Dr Mahathir Mohamad, Malaysia's prime minister, yesterday launched an extraordinary attack on corruption within his party, which dominates the country's ruling coalition.

Dr Mahathir, who in the past has angrily rejected western allegations of official corruption in his United Malays National Organisation, painted a picture of widespread vote-buying and other abuses.

"I am sad because I am forced to expose this dirty linen in public," he told delegates at Umno's triennial conference in Kuala Lumpur. He said that, if corruption continued, it would deter potential foreign investors.

In 1994, Dr Mahathir banned government contracts to British companies after a British newspaper alleged that a UK company tried to bribe him. The ban was relaxed but not before several contracts were lost.

He claimed yesterday that the cost of buying delegates' votes by candidates campaigning for a seat on Umno's supreme council, a 25-seat body which deliberates on key party issues, had risen steadily. Candidates had initially bribed delegates with free accommodation at luxury hotels for the conference duration. Today, the bribery could take place over 12 months and involve gifts and cash.

Malaysia's government is generally regarded as one of the most transparent in south-east Asia, and observers said the prime minister's speech, which ended with a tearful entreaty to Umno delegates to wipe out corruption, might have been intended as an attempt to discredit rivals and bolster his sagging personal power base.

Dr Mahathir, 70, has been prime minister for 15 years. He suffered a blow to his prestige on Wednesday when two of his trusted lieutenants lost key posts within Umno to candidates regarded as backers of Mr Anwar Ibrahim, the deputy prime minister and the likely successor to Dr Mahathir. Although Mr Anwar and Dr Mahathir are clear rivals within Umno, they work smoothly together in government.

Yesterday the pendulum of power swung back to Dr Mahathir. Mr Abdullah Badawi, foreign minister and a supporter of Dr Mahathir, defeated an ally of Mr Anwar for one of the three posts of party vice-president.

The other posts were retained by incumbents, one an Anwar supporter and the other a neutral.

UK watchdog seeks curbs on Danish investment company

By Clay Harris in London

Britain's Securities and Investments Board yesterday began legal proceedings to stop Scandex Capital Management, a Copenhagen-based company, offering foreign exchange investments in the UK.

Scandex is one of a number of companies selling high-risk currency investments to customers across Europe using cold-calling and direct mail.

Writs were issued in the High Court in London against both Scandex and its managing director, Mr Jeremy Bartholomew-White.

The action follows a similar move last week by the Danish financial regulator, Finanstilsynet, to close Scandex after complaints by customers.

One British customer, Mr Norton Jensen, a retired British Gas engineering manager, provided the Danish regulator with documented evidence of how 93 per cent of his £8,000 investment was lost in a month. He also sent his dossier to the SIB and the Securities and Futures Authority.

The Danish regulator ordered Scandex to stop sales calls and not to open any new accounts.

The SIB is seeking an injunction relating to three alleged breaches of the Financial Services Act, involving unauthorised investment business, misleading statements and cold-calling. It will also seek restitution.

Mr Bartholomew-White is a director of Euro Currency Corporation, which offered similar investments from a London base before ceasing trading in April. Its premises were later searched by the UK Serious Fraud Office. Until last month, he was a director of Anderson Ross, which operates from Euro Currency's old offices and is seeking SFA authorisation.

Earlier this week, Mr Bartholomew-White blamed the Danish action on what he described as an unfairly unfavourable audit report by Scandex's auditors, who resigned last month, and on "guilt by association" with Nordex, an unrelated Copenhagen-based company which Danish authorities closed in August.

He said Scandex had served notice it intended to sue its former joint auditor, the Copenhagen office of Deloitte & Touche. "We were appalled by the tone of the audit, by the total inaccuracy and bias of it," he said.

The UK and Denmark have tightened controls on the sale of high-risk currency investments and some companies have moved to countries such as Spain, Germany and Switzerland where regulation is weaker or non-existent.

Industrial confidence returns to Europe

Continued from Page 1

the strong growth that European leaders will be hoping for", but it did signal a turning point.

The index is a useful guide to trends because it provides one of the few up-to-date indicators of sentiment across the European Union.

Measured overall, it showed that industrial confidence improved in Belgium, Germany, France, Italy, Portugal, Finland and the UK. Production levels also rose, including in the two large economies of France and Germany.

Mr Armand Lepas, economic director of the Patronat, the French employers group, said: "After a very weak second quarter in France, we have seen a small upturn in recent months." Mr Frank Laurent of the Belgium Employers Federation said: "Companies are certainly seeing some recovery, but it is very slow. Most of the upturn is in exports and intermediate goods sectors."

Stocks are reported by companies to be relatively high. But manufacturing prices are becoming firmer: although marginally more companies are expecting to cut prices, price falls are less marked than in summer, when industrial inflation appeared to be at a 30-year low.

THE LEX COLUMN

Hope springs eternal

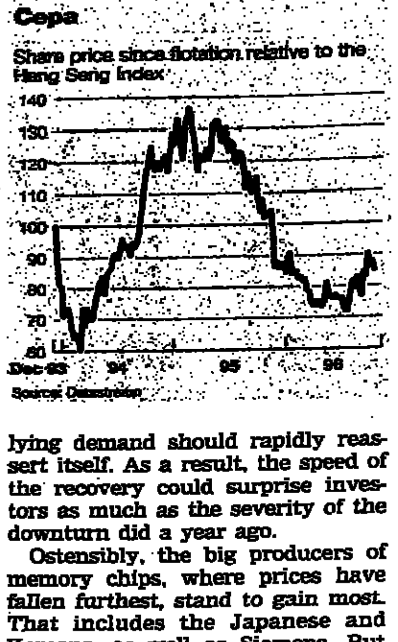
Mr Gordon Wu, Hopewell Holdings' ebullient boss, has gambled vast sums on visionary infrastructure projects. So far it has not paid off; since 1994, Hopewell shares have under-performed by 54 per cent against the Hong Kong market. But yesterday, Mr Wu took another considerable risk by cashing in most of his chips from Hopewell's one big winner, the Asian power company Cepa, and staking almost everything on his dream of building an infrastructural solution to Bangkok's traffic chaos.

He may have had little choice. With HK$28bn ($3.6bn) of debt, Hopewell's banks must have been getting anxious. And plans to float off Hopewell's Chinese and Thai transport projects were dropped due to lack of interest. So while Hopewell shares will probably rise on news of the possible HK$12bn cash inflow from selling Cepa shares to Southern Company, investors should reflect on Hopewell's subsequent risk profile. The balance sheet may be stronger but the company has sold its most reliable source of earnings. Its shares still offer more hope than substance.

There is also significant hope attached to Southern's acquisition of Cepa. Recent problems at Cepa's Indonesian power plant emphasise its political risks. Competition for Asian power projects is intensifying. And Hopewell's interest, and therefore use of its political connections, will be substantially diluted with its shareholding. If all Cepa's current projects succeed, Southern will have got a bargain – but investors would be unwise to bet on it.

FTSE Eurotrack 200:
1805.0 (-5.8)

Cepa
Share price since flotation relative to the Hang Seng index



Source: Datastream

Semiconductors

A spark of life is returning to the world's semiconductor industry. The US book-to-bill ratio, the market's most important leading indicator, jumped to 0.99 in September – its highest level for a year. The global measure is not far behind at 0.97 for August and both ratios look certain to squeak above 1.00 next month, signalling that order intake is exceeding shipments again.

Chastened by the slump of the past 12 months, manufacturers and analysts are hesitant of pencilling in more than a modest recovery: forecast market growth of 8-10 per cent this year and 10-12 per cent in 1997 compares with last year's 40 per cent surge. But this is a feast-and-famine industry. Now that destocking is ending and expansion plans have been reined in, underlying demand should rapidly reassert itself. As a result, the speed of the recovery could surprise investors as much as the severity of the downturn did a year ago.

Ostensibly, the big producers of memory chips, where prices have fallen furthest, stand to gain most. That includes the Japanese and Koreans, as well as Siemens. But the real money is in higher-margin products, such as microprocessors. Intel, whose shares keep hitting new highs, is the clear market leader here. By contrast, orders at Motorola are still falling and it is losing market share in mobile phones. In Europe, Philips will benefit from a general market revival, but SGS-Thomson of France, as the Continent's only pure chip maker, looks the best bet.

Credit spreads

These are good times to be a borrower. Across the full range of debt markets, credit spreads have shrunk dramatically. Governments and companies alike, of distinctly varying quality, are paying less and less to borrow money. Spreads on Argentinian debt, for example, have shrunk to around 680 basis points over US treasuries, from over 1,000 in January. Yields on AAA corporate bonds and junk have also fallen. In part this reflects the friendly combination of subdued inflation and low interest rates in leading economies. In other cases, local factors come into play: unprecedented fiscal rigour from governments in Italy and Spain; improved growth, inflation and export prospects in most of Latin America.

For all this, investors are becoming increasingly cavalier about the risks they take as they search juicy yields. It is this quest for ter returns which lies bel shrinking spreads. The 2.7 per yield on Japanese governm bonds, for example, is driv domestic investors offshore high-yielding markets, where chases have compressed spread

Liquidity is the other key fa driving spreads lower, especiall the US. The relentless rise in eq prices, coupled with unattrac low deposit rates, has pulled increasing portion of the count savings into bonds. The prospec a rash of bankruptcies or gov ment default may seem remote then they always did.

NatWest

Given its ambitions to build investment bank, NatWest probably chosen the least approach. In buying a fully-fled operation such as Salomon Brot or the old S.G. Warburg, NatW would not only have been grabb a tiger by the tail; there would h been blood on the floor, becaus the overlap with its own large e ties business. Meanwhile, buildir business by mass poaching – route followed by Deutsche Mor Grenfell – would probably not h worked: NatWest just did not h a credible nucleus in corpor finance to which talented indiv als would be drawn.

NatWest has therefore been with a strategy of infill acqu tions: Gleacher, a US M&A b tique; Gartmore, a UK fund m ager; Greenwich Capital, a US t trader; and now Hambro Magan UK M&A boutique.

There are, though, risks in Hambro Magan acquisition. first is that NatWest has paid large sum of money for a star, George Magan, who at 50 could in the twilight of his career. Sec is that Hambro Magan will no l ger pull in as many clients, as p of its appeal hitherto has been independence from large grou But perhaps the biggest risk is t NatWest will be unable to integr the parts it has acquired. In Magan and Mr Eric Gleacher it has two prize bulls in the same who are supposed to co-operate. success of NatWest's investm banking strategy will larg depend on how well it mana such relationships.

Additional Lex comment
UK pensions, Page

FT WEATHER GUIDE

Europe today

It will be unsettled with plenty of rain in north-western UK. Central and southern areas will be mainly dry with some sunshine.

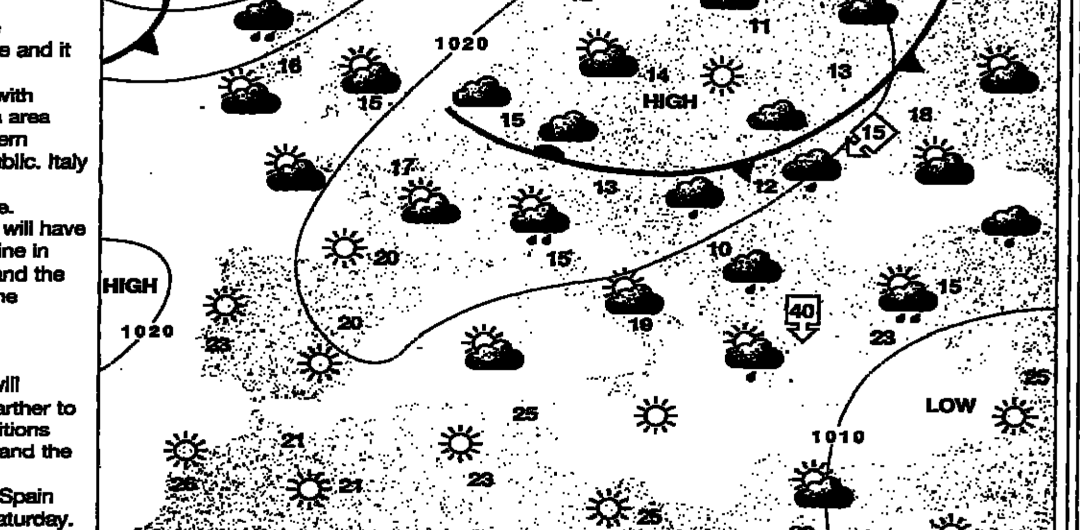
High pressure will bring fine conditions to most of France and it will be sunny on the Iberian peninsula. It will be cloudy with patches of drizzle across an area covering the Benelux, northern France and the Czech Republic. Italy will have some showers as conditions gradually improve.

Parts of Greece and Turkey will have thunder showers. It will be fine in northern Germany, Poland and the Baltic states but cloudy in the Balkans.

Five-day forecast

Warmer air from the south will spread across France and farther to the north, bringing dry conditions with sunny spells to France and the Benelux.

Portugal and north-western Spain will have torrential rain on Saturday. Settled conditions will dominate in eastern Europe.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius	Beijing	fair 22	Caracas	fair 32	Faro	sun 24	Madrid	sun 21	Rangoon	shower 31
		Belfast	rain 15	Cardiff	shower 15	Frankfurt	drzzl 14	Majorca	fair 22	Reykjavik	fair 3
Abu Dhabi	sun 36	Belgrade	shower 14	Casablanca	sun 23	Geneva	fair 15	Malta	fair 24	Rio	fair 26
Accra	fair 30	Berlin	fair 12	Chicago	fair 14	Gibraltar	fair 22	Manchester	cloudy 15	Rome	fair 23
Algiers	sun 23	Bermuda	fair 27	Cologne	drzzl 15	Glasgow	rain 15	Manila	shower 32	S. Frsco	fair 23
Amsterdam	cloudy 14	Bogota	shower 17	Dakar	fair 32	Hamburg	cloudy 12	Melbourne	rain 24	Seoul	sun 21
Athens	thund 21	Bombay	sun 34	Dallas	fair 25	Helsinki	fair 8	Mexico City	cloudy 21	Singapore	thund 31
Atlanta	sun 22	Brussels	cloudy 15	Delhi	sun 32	Hong Kong	fair 28	Miami	thund 29	Stockholm	fair 11
B. Aires	cloudy 22	Budapest	cloudy 14	Dubai	sun 37	Honolulu	sun 33	Milan	fair 20	Strasbourg	fair 15
B.ham	cloudy 15	C.hagen	cloudy 11	Dublin	cloudy 15	Istanbul	rain 17	Montreal	fair 8	Sydney	fair 24
Bangkok	fair 36	Cairo	fair 33	Dubrovnik	fair 21	Jakarta	thund 31	Moscow	shower 9	Tangier	sun 22
Barcelona	fair 21	Cape Town	fair 20	Edinburgh	cloudy 15	Jersey	cloudy 16	Munich	cloudy 14	Tel Aviv	fair 30
						Karachi	sun 33	Nairobi	fair 28	Tokyo	fair 21
						Kuwait	sun 35	Naples	shower 22	Toronto	fair 10
						L. Angeles	sun 25	Nassau	thund 31	Vancouver	shower 15
						Las Palmas	fair 25	New York	fair 12	Venice	fair 19
						Lima	cloudy 20	Nice	fair 21	Vienna	cloudy 13
						Lisbon	sun 23	Nicosia	thund 27	Warsaw	sun 10
						London	fair 16	Oslo	cloudy 10	Washington	sun 14
						Lux.bourg	cloudy 15	Paris	fair 16	Wellington	rain 13
						Lyon	fair 16	Perth	fair 19	Winnipeg	cloudy 16
						Madeira	shower 22	Prague	cloudy 12	Zurich	fair 13

COMMENT & ANALYSIS

FINANCIAL TIMES
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Friday October 11 1996

Ken punches his weight

Kenneth Clarke often speaks with the air of one who believes he holds the fate of his party in his hands. What was striking about his speech at Bournemouth yesterday was that, for once, the audience sounded like they agreed with him.

The applause for the Chancellor's uncompromising speech has silenced all the whisperers, at least for the time being. Yes, many will have despised what Mr Clarke said about Europe. And yes, the Conservatives still lag far behind in the polls. But most seem to have realised the folly of the suggestion that the government would be better off without him.

Mr Clarke and the economy may be the greatest – if not the only – electoral assets the government has left. It is arguable whether, in his words, "the British economy is in its best condition ever in our lifetime". But it is hard to remember a time when it has been in such good shape so close to an election.

The UK has been growing at or below its long-run trend rate over the past 18 months, but the pace looks set to accelerate. And the government's target measure for inflation, the retail price index (excluding mortgage interest), which has been roughly stable over the last year, is expected to decline over the next few months.

Most important, perhaps, the benefits of a long, but sedate upturn are feeding through to individual pay packets. In its recent Green Budget the Institute for Fiscal Studies calculates that, allowing for tax and price changes, real take-home pay rose more than 3 per cent in the year to July.

As for the public finances, the report predicts that the Public Sector Borrowing Requirement this year will be £26.2bn, nearly £4bn higher than forecast in the Budget. Most of the shortfall, however, can be put down to the slower than expected pace of real growth and inflation. Assuming that the economy can safely grow a little faster than its trend rate over the next few years, the revenue gap ought to be made up without further tax increases.

The chancellor will get little thanks from his party for not raising taxes; the delegates in the hall yesterday wanted to hear about tax cuts. To his credit, Mr Clarke went out of his way to play down this possibility in his speech. But it will not have escaped his notice that the proximity of the election is on his side.

More than likely, interest rates will have to rise in the next few months as the economy picks up speed. To resist an increase in these circumstances would be a mistake. Equally, it could be dangerous to cut income taxes when consumer expenditure is accelerating and the forecast reductions in public spending have not yet been delivered. But the costs of either mistake would be felt well after the election.

Mr Clarke will have to weigh this political argument for imprudence against the risks, not least the fact that the UK might rule out all chance of qualifying for the first round of European monetary union. Many of Mr Clarke's critics yesterday chose to put electoral and party interests before their distaste for his wish to keep the UK's European options open. Come November, the Chancellor must resist the pressure to return the compliment.

Heavier metal

The case of the missing copper explanation is far from closed. In June, Sumitomo Corporation was "overwhelmed with shame" after announcing that the unauthorised copper trading activities of Mr Yasuo Hamanaka had cost it about $1.8bn over the last decade.

The UK Serious Fraud Office, the Securities and Investments Board and the Securities and Futures Authority were quickly on the case. The London Metal Exchange, where Mr Hamanaka had done much of his business, began a review of the market.

In Japan, there was less of a hurry to pursue Sumitomo. The responsible authority, the Ministry of International Trade and Industry (the mighty Miti), denied all knowledge, while the Tokyo prosecutors' office complained that it was busy with other, more pressing matters.

As it is Metals Week in London, copper is back in the conversation. At the annual industry dinner on Tuesday, Sumitomo was the butt of podium jokes – its place at the wrong end of the punchline should be noted by the other great Japanese trading houses.

At the dinner, Mr Raj Bagri, the LME chairman, called for changes in the UK Financial Services Act to give the exchange more control over traders and more trading details from members. And he reminded the audience that the only thing worse than underregulation was over-regulation.

It is clear Sumitomo and its brokers operated within rules but sometimes outside official scrutiny. Mr Bagri said the LME had closely inspected Sumitomo's recent trading, but Mr Hamanaka, as "Mr Copper", had exercised an unusual influence for almost a decade.

Sumitomo has commissioned *an internal report, while* international investigators have continued their struggle, attempting to make sense of a complex case, a difficult language and the subtleties of Japanese corporate culture. Throw in close connections to Chinese traders, another difficult language and a quasi-communist corporate culture, and the copper mystery appears to have no bottom.

There is good reason to review the Financial Services Act, but unless Sumitomo is more forthcoming about its long-term role in the market and about Mr Hamanaka's failings, UK regulators will have a difficult task. Sumitomo's good name can be restored only by a full and frank disclosure.

German ritual

Germany's annual rain dance, also known as the wage round for some 3m engineering workers, opened yesterday with the usual ritual stand-off between trade union and employers. In the current climate in Germany, with labour militancy already stoked up by the government's planned cuts in social spending, both sides look set to make heavy weather of their negotiations. They have a lot to lose if they cannot compromise.

For a start, they cannot agree what is on the table. Gesamtmetall, the employers' federation, admits it is looking for more than an ordinary pay round. It wants to renegotiate "the system", as well as a zero pay rise. That means including cuts in a string of costly fringe benefits such as sick pay, holiday pay and Christmas bonuses as part of any package.

The union leaders of mighty IG Metall are crying foul. They won't even start talking on wages unless the emotive question of sick pay is taken off the table. And they are certainly *not prepared to contemplate* any cut in that generous allowance – 100 per cent of normal wages according to their current contract – in spite of clear evidence that the system is being abused.

The German unions seem far more concerned to preserve the comfortable fringe benefits they have accumulated in the last four decades than to grab big pay rises. They have come to accept that the latter may cost jobs. So IG Metall is looking for a wage rise equal to inflation, or something less than 2 per cent.

There is still a refusal to accept it is the generous fringe benefits, quite apart from absolute pay rates, which make Germany such an expensive investment location. If the unions will not accept a more modest guaranteed lifestyle, their employers are going to invest in cheaper locations, such as eastern Europe and Asia.

The employers themselves have not started well. They sought to change the sickness benefits unilaterally, infuriating the workers, and eventually had to back down. So they will begin the proper process of negotiating a reduction on the wrong foot.

But IG Metall must accept for its part that modest cuts in the fringe benefit system are inevitable. Otherwise the normal rain dance will consist of ever fewer employers facing ever fewer employees across the bargaining floor.

The shock of absorption

BMW is beginning to realise the tough task it is facing in integrating its acquisition of Rover, says **Haig Simonian**

In the two-and-a-half years since BMW spent £800m on acquiring Rover, then the only remaining UK volume carmaker, two strongly contrasting views have emerged about the deal.

The optimists argue that the German company's financial, engineering and marketing skills have thrown a lifeline to the floundering British group since its sale by British Aerospace in early 1994. New vehicles, such as the Range Rover, the MGF and the Rover 200 have revealed an automotive talent within Rover which remained hidden during its collaboration with Honda Motor of Japan while under BAe's ownership.

The pessimists, however, cite the same vehicles to illustrate the potholes ahead. While British motoring journalists have applauded the new Rovers, foreign counterparts have been less complimentary. *Auto Motor und Sport*, the German motoring bible, ranked the Rover 200 eighth in a group of eight sporty hatchbacks. Noting poor build quality and brakes and restricted interior space, it concluded: "For so much money, one should absolutely expect more."

Stockmarket analysts have also found Rover wanting. Most have focused on the financial burden BMW has assumed in bankrolling Rover's new products and plants *after years of underspending*. BMW has raised Rover's investment to its own level of 7 per cent of sales – amounting to about £500m a year, compared with £250m a year under BAe. "You can never run a successful business on an average investment of 4 per cent," says Mr Bernd Pischetsrieder, BMW's chairman.

So far, BMW has had little to show for its efforts. Rover lost DM335m (£158m) last year, according to BMW's conservative accounting methods. This year will show "a better figure", says Mr Walter Hasselkus, Rover's new chief executive. But he admits the loss will not be "sensationally better" and is likely to *remain well above £100m. Rover's* sales, meanwhile, have been mixed. Foreign demand has improved, partly because of revamping its dealer networks. But in the UK, still Rover's biggest market, its share has stagnated at about 10 per cent.

The recent move of a number of senior BMW staff to top positions in Rover underlines BMW's belated realisation of the task it faces. The appointment of Mr Hasselkus, a BMW veteran of 20 years and member of its main board, followed the arrival of Mr Tom Purves, the former head of BMW's UK subsidiary, as Rover's head of sales and marketing. Since then, Mr Martin Runnacles, another senior BMW (GB) man, has moved to head Rover's marketing side while a former BMW man has moved to the same position at Land Rover.

The pessimists argue that such appointments are doubly depressing: they demonstrate BMW's failure to appreciate the depth of Rover's problems at the outset; and they now risk exacerbating cultural differences between the two. BMW, they say, began with extreme caution by running Rover at arm's length and is now assuming control with excessive zeal, triggering accusations that it is colonising Rover.


At the wheel: Pischetsrieder (left) of BMW and Hasselkus of Rover. The traditions of the two companies could hardly be further apart

BMW executives say they always knew it would take years *to turn Rover around. They* bought the company for two reasons: to gain control of the Land Rover off-road subsidiary, and to accelerate BMW's expansion into the volume car business.

Land Rover is the acknowledged leader in four-wheel-drive vehicles for the most exacting off-road conditions. Although competition has intensified, it remains the most respected and one of the most profitable brands. With motorists around the world moving away from conventional family cars towards "recreational vehicles", such as off-roaders, BMW had to be represented.

Buying Rover also broadened BMW's coverage of the mass car market. Although the German *group has been very successful in* pricey medium-sized and large rear-wheel-drive cars, it has never tackled the larger market for front-wheel-drive vehicles. "One thing is certain. To stick with what we had would have been fatal in the long run," says Mr Pischetsrieder.

In many ways, BMW's thinking matched that of Mercedes-Benz, its German arch-rival. Both companies believed they had to expand beyond executive cars. But while Mercedes-Benz is developing its own small vehicles, BMW chose to grow by buying Rover. The takeover also offered substantial economies of scale. With a joint purchasing budget of about £14bn a year, BMW and Rover have immense scope to save money on components and capital equipment.

But in spite of the attractions, BMW has been remarkably slow in formulating its plans for Rover. Only recently have certain broad lines emerged.

First, it is clear the British company is not to be treated as a homogeneous unit, but a collection of brands. Land Rover, MG and Mini are distinct marques and need to be treated as such, argues Mr Pischetsrieder. Land Rover is "relatively easy", he says. The company will continue to produce its three off-road models, soon to be supplemented with *a fourth, slightly smaller, vehicle.* The new model will compete directly with smaller, cheaper sports utilities such as Toyota's Rav4 and Honda's CR-V in the growing market for predominantly on-road vehicles.

The strategy for the MG brand, meanwhile, has also crystallised in the form of the MGF convertible. The car has been selling strongly in spite of mixed opinions about its practicality as a pure two-seater. MG is "not everybody's darling", Mr Pischetsrieder admits. However, the new car is a profitable, low-volume image-builder, he argues.

Mini also has a clear identity. *Rather than a* single, now venerable, vehicle, "Mini" has become a brand. Last week, Mr Hasselkus announced a £400m ($606m) project to build a new Mini vehicle as the first of a family of derivatives. Unlike the original Mini, the new version will be an upmarket "lifestyle" product, rather than a utilitarian vehicle, says Mr Pischetsrieder.

He recognises BMW's biggest problem is with the Rover brand. Even here, the long-term aim is fairly clear. Rover's range will be rationalised to three models, based on two platforms, compared with the current five mod*els on five platforms. The new* platforms will not be identical to future BMWs, as Rover and BMW will continue to produce front-wheel-drive and rear-wheel-drive cars respectively. However, product development and manufacturing costs will be saved by sharing four-cylinder engines and many under-the-skin parts.

The new cars will be thoroughly up-to-date, but visibly "British" in their design, says Mr Hasselkus. They will epitomise relaxed motoring rather than the sporty image that is BMW's trademark. Leaked sketches suggest the new Rovers will hark back to the solid, reliable cars of the 1950s and 1960s.

The biggest problem for BMW *is bridging the gap until the new* Rovers appear. Mr Pischetsrieder admits the present range is uneven and not up to BMW standards.

The problem has been partly solved outside the UK, where Rover dealers are deliberately focusing on the best parts of the range, such as the Rover 600 mid-sized saloon and Land Rovers. Such selectiveness, combined with the improved foreign dealer network, has had impressive results. Rover sales in Italy have climbed 17 per cent this year against a market in sharp decline. Even in quality-conscious Germany, the company *expects to raise sales by 60 per* cent this year. However, both Mr Pischetsrieder and Mr Hasselkus admit the task of "repositioning" Rover in its home market will be much more difficult until its new products appear.

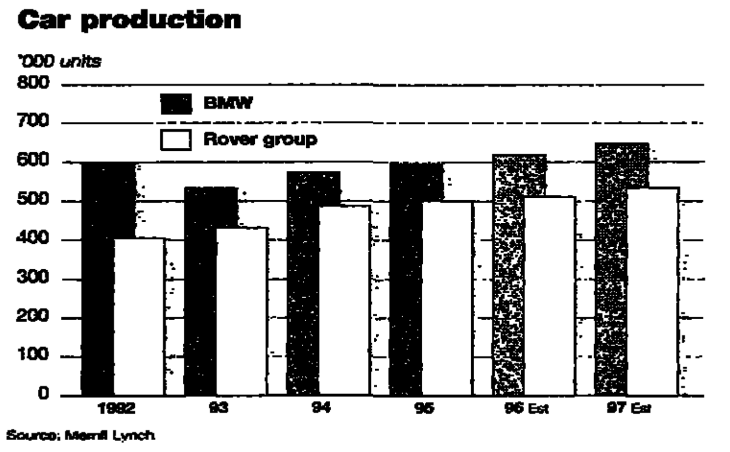
If everything goes to plan, they will help to raise Rover's sales from about 500,000 units a year to between 700,000 and 800,000 by early next century. But even when all the new models arrive, BMW's battle will not be over.

First, it will face the marketing challenge of ensuring the Rover and BMW brands remain distinct. Styling and the different wheel-drive technologies will help. However, to reap economies of scale the future BMWs and *Rovers will have a great deal in* common, particularly in terms of engines and electronics, and it will be up to the marketing people to emphasise the differences.

Second, BMW will have to concentrate on drawing Rover smoothly into the BMW group. The traditions of the two companies could hardly be further apart. BMW, which has risen to become one of the world's best-known brands, has a tradition of continuity underlined by having only two chairmen in the past two decades. Rover, by contrast, is a collection of once-famous marques, many of which have slipped into obscurity. It has had at least six chairmen in the same period, and three owners.

Even assuming the products are successful, bringing the two companies together will be a big task. Mr Pischetsrieder admits co-operation has been restricted to a relatively small group of engineers and senior managers so far. That will change as a much more ambitious strategy of secondments between the two companies is introduced. "Yes, there are arguments, there are frictions," says Mr Hasselkus, who ran BMW's UK subsidiary in the early 1980s. "But over the past two-and-a-half years, we have come closer together. There is still a long way to go."

Car production



Source: Merrill Lynch

· OBSERVER ·

Peripatetic Percy

■ Percy Barnevik sported an eye-catching tie yesterday as he buzzed around European capitals in customary frenetic fashion, telling the sundry outposts of the global engineering giant ABB that he's stepping aside as its chief executive.

It was Switzerland in the morning but by the afternoon he was in Stockholm, where he pointed out that the tie's motif was a hammock strung between two trees. "My wife gave it to me this morning," he declared.

Evidently Mrs B hopes Percy will take the hint and spend less time working – he confessed yesterday to "70 to 80 hours a week" – now that he has reduced his role at ABB to non-executive chairman.

But his family shouldn't be too hasty in dusting off those carpet slippers. Barnevik is only 55 and seems as full of beans as ever – certainly his list of non-ABB jobs hardly suggests he is ready for the armchair.

He's chairman of the Swedish groups Sandvik and Skanska, is on the boards of Investor, the Wallenberg empire core holding company, and Du Pont, the US chemicals giant, and is also chairman of a European Commission taskforce on European competitiveness. Somehow he squeezes in time to advise the Russian government on its nuclear industry.

But his wife got one concession yesterday – at least her husband pledged not to take on any new executive post.

Bulldozer driver

■ Jean-Luc Dehaene, Belgium's prime minister, says he's thinking of calling it quits in 1999. His admission has set tongues wagging in Brussels, where people suspect his eye is still on the job of president of the European Commission.

Dehaene narrowly lost his bid to succeed Jacques Delors as president in 1994. He had French and German backing, but was torpedoed by perfidious Albion – a rare defeat for Dehaene, known within Belgium as "the bulldozer".

Today Dehaene insists that John Major's veto has made him an even stronger political figure in Europe. He has become the chief spokesman of the Benelux countries and remains close to Chancellor Kohl. By 1999, he may even have pulled off the near impossible feat of propelling debt-ridden Belgium into the first wave of countries joining the planned single currency. Sounds like a dream campaign manifesto for commission president.

Wait a minute, say the sceptics. Dehaene is a Christian Democrat; so is Jacques Santer, the current president of the commission whose term (handily) expires at the end of 1999. Custom dictates that the top executive job in Brussels alternates between the major parties; so the next incumbent should by rights be a socialist.

But the bulldozer's allies believe they have a trump card. Since Jacques Delors, a socialist, spent 10 years in office, the CD's should be entitled to a similar term. So Dehaene could be in with a chance – assuming, of course, that Major loses the UK general election.

Foreign welcome

■ In another sign of creeping globalisation, one of the house organs of the US foreign policy establishment is being turned over to a foreigner and – gasp – an economist. The new editor of *Foreign Policy* magazine is Moises Naim, the MIT-educated former Venezuelan trade and industry minister.

Foreign Policy's previous chiefs have included Dick Ullman (Princeton and the New York Times), Dick Holbrooke (Dayton, Ohio, Bosnian peace accords) and Bill Maynes, veteran diplomat and doyen of the Washington establishment. Naim is more at home in Davos and in the corridors of the World Bank; he's been serving as a part time senior adviser to president Jim Wolfensohn.

Sophisticated, witty and engaging, he's also a senior associate at Washington DC's Carnegie Endowment, which publishes *Foreign Policy*. He's highly regarded by Mort Abramowitz, the think tank's president and, as a former US ambassador, himself a pillar of the establishment. The six-member search committee obviously came to the same conclusion, having examined a long list of applicants for what is a very plum job.

Top rate snack

■ French fast-food restaurants chewed on unpalatable news yesterday, thanks to a sneaky last-minute amendment dropped into the budget bill. The finance committee agreed to hoist the value added tax on take-away food from the current of 5.5 per cent to the standard 20.6 per cent levied on cafés and restaurants.

The so-called "Big Mac tax" will hit the many US-style chains and sandwich-makers in France, although bizarrely not touch the Italian and other delicatessens serving well-prepared but nevertheless carried-out food. Make mine a pizzaburger . . .

The Financial Times

50 years ago

Malayan Rubber Price
Singapore, 10th October:- Malayan rubber circles warmly welcomed the news that the commodity is to be freed from control. The consensus of opinion is, that following the lifting of international controls on 31st December there should be no decline in price if a free market is then permitted and predictions are that the market will be steady.

Canada's Record Imports
Montreal, 10th October:- Canada's foreign trade in August established a new peace-time high record at $409,000,000, an increase of $57,000,000 over the July figure. Imports in August totalled $163,000, an increase of 27 per cent over the corresponding period of last year.

Oil Rights in Rumania
Paris, 10th Oct:- A reference to the oil industry in Rumania was made by Mr. Ernest Bevin, the British Foreign Secretary, in a speech this afternoon to the Paris Conference. "If joint companies with other Allies are established or if other countries are allowed to operate there, then we claim exactly *the same rights*," he declared. "The Allied oil interests are now bound by legislation forced on Rumania by Hitler."

ARTS

A man of two cities

Andrew Clark talks to the artistic director of the Wexford and Pesaro festivals

Mention the name of Luigi Ferrari among opera professionals, and you may detect a ...ch of envy in their response. ...artistic director of the Wexford ...l Pesaro festivals, Ferrari has ... perfect opera job. He spends ...h summer organising Rossini ...formances in Pesaro, the Adri... resort where the composer ... born. In the autumn he takes ...residence in south-east Ireland, ...dy for Wexford's annual whirl. ... the other six months of the ...r he travels the world, listen... to performances, unearthing ...res and auditioning singers.

...Vexford and Pesaro are niche ...nts in the international opera ...ndar, but Ferrari's life is not ...te the doddle it seems. He ...ws that when the curtain rises ...Wexford's Theatre Royal next ...ursday, his reputation will be ...take. Will the operas, the sing... and productions teams he has ...sen for this year's festival ...ch the growing expectations of ...xford habitués?

...hile the formula of staging ...e little-known operas has ...ained unchanged since the ...y 1960s, Wexford has become ...easingly sophisticated – a ...d confirmed by Ferrari's ...val last year, the festival's ... artistic director from outside ... Anglo-Irish world. A high... ...r in Italian musical life, Ferr... brought a European perspec... ... senior management experience and an intimate knowledge of Wexford's speciality – the byways of Italian opera.

The 1995 festival showed the scope of his ambition. He persuaded the board to enlarge the pit, extend the rehearsal period and engage the Prague Chamber Choir as the nucleus of a beefed-up professional chorus. He said he wanted to increase the stage space, and that it was time Ireland had a national opera company. All this made quite a splash, and the 1995 festival went down as a landmark in Wexford's 45-year history.

Over the next three weeks, Ferrari is hoping to build on that momentum. The operas he has chosen are a typical Wexford brew of unknowns – Donizetti's *Parisina*, Meyerbeer's *L'Etoile du Nord* and Fibich's *Sarka*. The Donizetti, part of the early Romantic Italian school Ferrari knows and loves best, is "a fantastic score": the Meyerbeer, which will be recorded, "should be attractive as comedy, but it's very difficult to perform because we know so little about the style". *Sarka*, he says, "could be a revelation – here was a Wagnerian composer who hated German music. It's a different type of Czech opera to the nationalist school we know".

But Ferrari's ambitions extend well beyond the three operas. This year's festival concerts, for example, explore the world of Czech music around Fibich, part of Ferrari's plan to give a thematic link to the programme. He has also organised 90-minute performances of four popular operas, replacing the piano-accompanied "Operatic Scenes" begun by his predecessor, Elaine Padmore. If these abridged productions are successful, Ferrari wants to widen their scope to include modern opera, perhaps with modest orchestral accompaniment.

All these changes require further investment – particularly if the Theatre Royal's tiny stage is to be extended backwards, involving the purchase of neighbouring properties in Wexford's compact town-centre. And there lies another advantage in Ferrari's job: unlike most opera administrators he can leave the problems of fund-raising to his board, a group of opera enthusiasts from Wexford's business and professional community.

Ferrari knows, nevertheless, that a single flop could damage his and the festival's credibility. His Wexford budget is a fraction of what he has at Pesaro, "which means I have to channel my ideas in a very cost-efficient way. It means asking artists to accept 20 per cent of their normal fees. What they get in return is experience and international exposure. We have star singers – 10 years before they're acknowledged as stars. All the young artists come with an enthusiasm they will gradually lose as they get older."

A genial 45-year-old, Ferrari believes people work better when they are enjoying themselves – one of the reasons the atmosphere at both Wexford and Pesaro is infectious. He leads by example. "I feel like an early-19th century impresario, confronting the score as the composer left it and being forced to find my own solutions – without any performing tradition to fall back on. I come to this work from the music: I like to be there from the beginning, deciding what voice would be best for each role, and to contribute to rehearsals in a way that helps the production team to realise their ideas."

Ferrari is well-equipped for the task. He studied in Milan, graduating with a degree in composition and a doctorate in architecture. He says the link between the two disciplines is understood in Italy, "because the mechanisms between architecture and music are close. I studied composition because I wanted to be a musicologist, and architecture because I was interested in set design. I wanted a good overview".

He worked as an assistant to Claudio Abbado at La Scala in the late 1970s, before moving to Pavia in 1981 as director of the Teatro Fraschini. Then came a six-year stint as artistic director of Bologna's Teatro Communale. But he had already worked at Pesaro for two summers in the early 1980s, helping to prepare performing editions of long-forgotten scores, and the summons to take over the festival management in 1992 was a heaven-sent opportunity.

Ferrari describes the Rossini festival as "work in progress. The more we delve into Rossini's output the bigger and more multifarious the problems become. If we had to stage *La donna del lago* now, for example, we'd do it in a completely different way to 15 years ago: singers today see *bel canto* more as an expression of an art than as a display of technique. The work is enormous – to keep this repertoire alive, to transfer new developments in research onto the stage, to try again and again to provide the link between this heritage and a contemporary audience. But the fundamental principle in Pesaro is the same as in Wexford: these are places where you give body to your dreams."

Luigi Ferrari: an intimate knowledge of Wexford's speciality, the byways of Italian opera

London recital

Soulful Lieder

After the many delights of Edith Wiens' and Oliver Widmer's Wolf recital at the Wigmore Hall last month, when they sang half of his *Mörike-Lieder*, we heard the other half last Friday – this time by Joan Rodgers and Gerald Finley, though still with Roger Vignoles at the piano.

No invidious comparisons suggested themselves, partly because each pair concentrated on different veins of the poet Eduard Mörike. Wolf's surefire numbers were rigorously divided between them (one imagined the preliminary scene: "Okay, you can have 'Abschied' as long as I get 'Storchenbotschaft'!" – "And I really *want* the 'Mädchens Erstes Liebeslied', so I'll give you 'Nimmersatte Liebe' . . ."). But more of the Wiens/Widmer haul were quaint, or cute, or ruefully lusty songs; Rodgers and Finley tackled more of the darker *Lieder*, soulful, agonised or wild.

Undoubtedly Mörike's astounding variety – from a poet who spent his life as an obscure, ineffectual pastor! – specially endeared him to Wolf. For a composer of unstable moods and a genius for capturing them in *succinctly precise music*, Mörike was no less an appealing (dead) collaborator than the multi-faceted poet of Wolf's *Goethe-Lieder*. I was not sure that the Rodgers & Finley programme, with so many slow, "religious" self-examinations collected toward the middle, presented Wolf *or* Mörike to best advantage.

Yet Finley's long *legato* passages were exquisitely coloured, varied and moving: his "Aeolsharfe" captured Romantic meditation to the life. Perhaps Vignoles' deliberate tempi – and his drawn-out postludes, some of which should be no more than sympathetic echoes – weighed the proceedings down.

But in the "Elfenlied" whimsy, he was the first pianist I've heard make Wolf's debt to Loewe plain, with brilliant fingers; one readily forgave his helter-skelter "Abschied" (which embodies every artist's contempt for the Critic), and anyhow he was impeccable in some great songs, the searing "Verlassene Mägdlein" and "In der Frühe".

Miss Rodgers is a well-honed operatic soprano, with a professional dramatic range beyond your average recitalist's. Occasionally it sounded too slickly professional, driving for a general effect while using the words as mere props; but her "Erstes Liebeslied" was knowingly slippery and raunchy, and "Er ist's" – a spring-song so taxing as to give any soprano pause for anxious thought – made a triumphant crown for the first half.

Artists like these make one think: no songs since Hugo Wolf's are more "modern", nor so closely affecting.

David Murray

Opera

A 'Traviata' to die for

She has the looks, she has stage presence *and* she has the right voice. Even those ...iliar with Judith ...arth's track record as ... of the most promising ...sh sopranos would be ...rised how perfectly she ...Verdi's demands in her ...t as Violetta at Glynde...ne on Tuesday. Glynde...ne Touring Opera's *La ...ata* has everything the ...ent English National ...a production lacks, and ...arth is its glorious cen...ece.

...e commands our atten... from curtain-up – and ... just because her slight ...e and period looks are ...embodiment of a con...ptive courtesan. This ...etta is genuinely young ... attractive, she clearly ...s a party and knows how ...irt without appearing ...p. The eye-contact, the *...le vivre*, the size of per...lity are all there – but ...cts 1 and 2 unfold, ...arth also finds the body...uage to chart Violetta's ...ening emotional tur... She is the picture of ...ity at Flora's party, and ...physical breakdown is ...ly compelling.

...ne of this would have ...ed if Howarth had not ... the part so faithfully. ...voice may not be large, ...t carries well and has ...armth to make sense of ...Act 1 coloratura; even ...light faltering on the ...itten high E flat ...ed in character. ...ges in vocal colour in ...confrontation with Ger... are subtly observed, the cantabile thread of "Dite alla giovine" coming across with the same emotional sincerity as her majestic "Amami, Alfredo". A suitably tragic tone in the Act 3 letter-reading eludes her, but she compensates with both verses of "Addio del passato".

For Howarth alone, this *Traviata* is unmissable – and there is much else to enjoy, notably John Gunter's intimate period designs and the high-class decadence of the party scenes. The wonder is that Peter Hall's 1987 production has had to wait so long for a revival. GTO's director of productions, Aidan Lang, cuts some of the fanciful detail while recreating the visual aura and dramatic spark of the original. The only jarring note is the shameless melodrama of Violetta's collapse at the final curtain.

After an over-deliberate Act 1 prelude, Ivor Bolton conducts a brisk, shapely performance, with some particularly fine orchestral playing in the gambling scene. But he does not elicit much sense from the two Germonts, Paul Nilon and Robert Hayward. Hayward's father-figure sounds as if he is practising for Wotan's Farewell, while Nilon's Alfredo is an emotional pup, with a voice too often pushed to its extremes.

A.C.

The GTO season continues with *Le nozze di Figaro* tonight and *Theodora* on October 19, then touring.

The glorious centrepiece: Judith Howarth's Violetta Alastair Muir

Theatre/**Sarah Hemming**

This alchemy fails to work

Comparisons are odious, but, watching Bill Alexander's production of *The Alchemist* in the Olivier Theatre, one could not help but compare it with Matthew Warchus's scintillating production of *Volpone*, recently staged in the same auditorium, which caught the dizzy desperation of Jonson's characters and his ambivalent attitude to their guile and opportunism. For much as we despise Jonson's con-artists, their quick-witted, devious ingenuity is the stuff of survival, and almost admirable.

It is precisely this sweaty-palmed urgency and desperation that is missing from Alexander's *Alchemist*. It is perhaps a harder play to pull off than *Volpone*: Subtle, Face and Doll Common are not as wittily portrayed as Volpone and Mosca; the plotting is dense and the language denser. But Jonson's portrayal of three charlatans conning dreamers and schemers by preying on their desires is certainly apt in an age where adverts and experts abound and a National Lottery fuels people's fantasies of fantastic wealth.

This staging (a co-production with Birmingham Rep where it was first shown last month) acknowledges the satire's contemporary relevance with a time-hopping design. William Dudley's futuristic Gothic set, which looks like something recovered from the back of Heath Robinson's imagination, features an olde worlde tube map; the costumes have modern trimmings – a zip here, a personal stereo there. But in the playing overall – despite several excellent performances – the satirical bite fails to sink in, and the comedy is curiously muffled because of the lack of relish for Jonson's exuberant use of language.

Simon Callow, however, is superb as Face. The master of disguise, he slithers from south-London bully-boy to Brummie furnace-stoker, to moustachioed military man to unctuous Scottish butler, with as little trouble as a snake shedding its skin. His relish of the part matches the verve of Jonson's writing and he is hugely entertaining. His fellow-tricksters are not so compelling. Tim Pigott-Smith's Subtle spouts jargon but he has too dignified a stage presence to suggest this sinuous con-man; while Josie Lawrence as Doll Common combines voluptuous charm with hard-nosed realism, but less in the way of low cunning.

Geoffrey Freshwater's fleshy Sir Epicure Mammon is enjoyably reptilian, Jamie Newall as Drugger is wonderfully dim and there is are some delightful moments of slapstick. But you never feel the mounting panic as all looks set to be revealed, and without this tingling possibility of disaster Jonson's brilliant critique of greed and obsession only raises a smile.

Continues in rep at the Royal National Theatre, London SE1 (0171-928 2252).

INTERNATIONAL

ARTS GUIDE

BERLIN

...CERT
...sche Oper Berlin Tel: ...-3438401
...olfgang Dasbach, Sebastian ...sch, Dieter Velte, Thomas ...owski, Christoph Maier and ...lf Piehlmayer: the flautist, ...t, clarinettist, bassoonist, ...player and pianist perform ... by Foerster, Mozart, ...ud and Françaix; 8pm; Oct

...armonie & ...nermusiksaal Tel: ...-2614383
...erliner Symphoniker: with ...uctor Umberto Benedetti ...elangeli and pianist Derek ...perform Beethoven's Piano ...erto No.4 in G major and ...hony No.7 in A major; 4pm; ...3
...soper Unter den Linden ...9-30-20354438
...orothea Röschmann: recital ...e soprano, accompanied by ...t Gary Gromis. The ...amme includes works by ...n, Mozart and Poulenc; 4pm; Oct 13

CHICAGO

OPERA
Civic Opera House & Civic Theatre Tel: 1-312-332-2244
● Don Carlos: by Verdi. Conducted by Arthur Fagen and performed by the Lyric Opera of Chicago. Soloists include Samuel Ramey, Carol Vaness and Vladimir Chernov; 7.30pm; Oct 14

COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820
● Herbert Lippert: performance by the tenor, accompanied by horn-player Ludwig Rast and pianist Barbara Moser. The programme includes Schubert's Die Mondnacht, D238, Der Unglückliche, D713 and Abendstern, D806; 8pm; Oct 14

OPERA
Opernhaus Tel: 49-221-2218240
● The Bartered Bride: by Smetana. Conducted by Erich Wächter, performed by the Oper Köln. Soloists include Johann Smari Saevarsson, Gudrun Volkert and Gertrud Ottenthal; 7.30pm; Oct 13

THEATRE
Schauspielhaus & West-end-Theater Tel: 49-221-2218240
● Faust (Parts 1 & 2): by Goethe. Directed by Günter Krämer and performed by the Theater Köln. The cast includes Hans-Michael Rehberg, Martin Reinke, Birgit Walter and Ingrid Andree; 7.30pm; Oct 12, 19

COPENHAGEN

● Kate Ryder and Ensemble Bash: perform works by Alvarez, Robinson, Skempton, Bozie & Brannick, Cage, Davies, Umbrick, Montague, Reich and Smalley; 7.30pm; Oct 13
Wigmore Hall Tel: 44-171-9352141
● Melvyn Tan, Ronald Brautigam, Anne Sofie von Otter and Steven Isserlis: the pianists, mezzo-soprano and cellist perform works by Mozart, Haydn, Schubert and Mendelssohn; 7.30pm; Oct 12

EXHIBITION
Victoria & Albert Museum Tel: 44-171-9388500
● Plasticized: this display presents historic plastic tableware, containers and vessels from the museum's collection, including Lalique's "Cherries" box, and some recently acquired Tupperware; to Dec 16

MADRID

EXHIBITION
Museo Nacional Centro de Arte Reina Sofia Tel: 34-1-4675062
● Oskar Schlemmer: exhibition featuring some 200 works by the German sculptor and painter Oskar Schlemmer (1888-1943), who was also a teacher at the Weimar Bauhaus and creator of the "Triadic Ballet". The display includes works from all stages of his artistic career and illustrates his ideas on theatre and dance; from Oct 15 to Jan 9

NEW YORK

CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● New York Chamber Symphony: with conductor Gerard Schwarz and pianist Alicia de Larrocha perform works by Sheng, Hindemith and Beethoven; 5pm; Oct 13, 16 (7.30pm)

PARIS

CONCERT
Théâtre du Châtelet Tel: 33-1 42 33 00 00
● London Symphony Orchestra: with conductor Kent Nagano and viola-player Yuri Bashmet perform works by Berlioz and Stravinsky; 8pm; Oct 14

EXHIBITION
Musée d'Orsay Tel: 33-1 40 49 48 14
● Gauguin et le Christ jaune: this exhibition centred on Gauguin's self-portrait "Autoportrait au Christ jaune" brings together the painting "Le Christ jaune" from the collection of the Albright-Knox Art Gallery and the 17th century wooden crucifix from the Trémalo Chapel – its inspiration; from Oct 14 to Jan 5

OPERA
L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99
● Rigoletto: by Verdi. Conducted by James Conlon and performed by the Orchestre et Choeurs de l'Opéra National de Paris. Soloists include Ramon Vargas, Giorgio Zancanaro and Youngok Shin; 3pm; Oct 13
Théâtre du Châtelet Tel: 33-1 42 33 00 00
● The Rake's Progress: by Stravinsky. Conducted by Esa-Pekka Salonen and performed by the Los Angeles Philharmonic and the London Sinfonietta Voices. Soloists include Donald Adams and Dawn Upshaw; 7.30pm; Oct 12

SAN FRANCISCO

CONCERT
Louise M. Davies Symphony Hall Tel: 1-415-864-6000
● State Symphony of Russia: with conductor Yevgeny Svetlanov and pianist Vladimir Ovchinikov perform Tchaikovsky's Fantasy for Piano and Orchestra, Op.56 and Marche Slave, Op.31; 7pm; Oct 13

STUTTGART

EXHIBITION
Staatsgalerie Stuttgart Tel: 49-711-2124050
● Félix Thiollier: retrospective exhibition focusing on the photographic oeuvre of the French artist Félix Thiollier (1842-1914). The display includes about 120 works from the collection of the Musée d'Art Moderne in St Etienne; from Oct 12 to Jan 5

VENICE

CONCERT
Chiesa di Santo Stefano Tel: 39-41-786511
● Orchestra del Teatro La Fenice: with conductor Peter Schneider and horn-player Konstantin Becker perform Haydn's Horn Concerto No.1 in D, and Mozart's Symphony No.36 in C, K425 (Linz) and Symphony No.41 in C, K551 (Jupiter); 9pm; Oct 13

VIENNA

CONCERT
Musikverein Tel: 43-1-5058681
● Berliner Symphonieorchester: with conductor Michael Schoenwandt and the Singverein der Gesellschaft der Musikfreunde in Wien perform works by Sibelius, Mahler and Bruckner. Soloists include soprano Vlatka Orsanic, alto Elisabeth von Magnus, tenor Robert Gambill and bass Franz Josef Selig; 7.30pm; Oct 13

OPERA
Wiener Staatsoper Tel: 43-1-514442960
● Gesualdo: by Schnittke. Conducted by Ernst Märzendorfer, performed by the Wiener Staatsoper. Soloists include Graciela Araya, Gertrude Jahn, Peter Weber and John Dickie; 8pm; Oct 14

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WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m)

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European Money Wheel
Nonstop live coverage until 15.00 of European business and the financial markets

17.30
Financial Times Business Tonight

CNBC:

08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight